

14 1988

FINANCIAL TIMES

No.30,694

Tuesday November 15 1988

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JAPAN AND 1992

Wary approach to the single market

Page 24

Exchange rates table listing various currencies like Deutsche Mark, French Franc, etc.

World News

Tamil Tigers gun down 28 Sinhalese in bus ambush

Twenty-eight Sinhalese were gunned down after the Tamil Tiger guerrillas held up a bus near Trincomalee, which stands between the Tamil north and ethnically mixed eastern province. Page 7

Secrets charge

Helmut Kolasch, a West German engineer who worked on the Tornado fighter and the four-engine Eurofighter project, was charged with handing over documents to East Germany and the Soviet Union.

Anti-semitic attack

Anti-semitic vandals smashed or uprooted 17 tombstones and smashed two others with Nazi swastikas at a Jewish cemetery in Bad Buchau, West Germany.

Canada poll tie

Conservatives and Liberals were in a dead heat a week before Canada's federal election, according to a Gallup poll which shows that the Liberal party has support. Page 4

TV imports probe

Cheap colour televisions from China and Hong Kong are being investigated for alleged under-pricing by the European Community. Page 10

Hawke to run again

Bob Hawke, the Australian Labor Party's first three-term Prime Minister, confirmed he intended to seek a fourth term. Page 7

Jenninger defended

West German Chancellor Helmut Kohl strongly defended the integrity of Philipp Jenninger, who quit as Bundestag speaker after an uproar over comments he made about the Nazis.

Gandhi tariff signal

Rajiv Gandhi, India's Prime Minister, gave a clear signal to Indian industrialists that they should prepare for further lowering of tariff barriers. Page 7

Marcos court order

US Supreme Court ordered ousted Philippines President Ferdinand Marcos and his wife Imelda to obey subpoenas for foreign bank records.

Former PM dies

Taken Miki, Japan's Prime Minister in the mid-1970s who tried to clean up politics after the Lockheed scandal, died aged 81. Page 7

Angola peace efforts

Efforts continued in Geneva to close the gap between Angola and South Africa over the terms for a withdrawal of Cuban troops from Angola. Page 4

Turkish jail protest

About 2,000 prisoners in Turkish jails protesting against alleged ill-treatment including torture and beatings are on hunger strike.

Med snowfalls

Freezing weather brought snow to parts of the eastern Mediterranean as the worst winter weather for decades swept across the region giving Jerusalem its coldest night for 68 years at 1°C (34°F).

National honour

Former astronaut John Glenn and undersea explorer Jacques Cousteau are among 15 recipients of \$10,000 prizes awarded by National Geographic Society on its 100th anniversary.

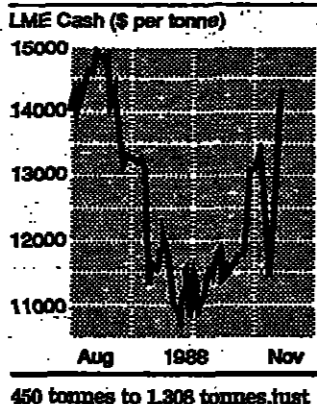
Business Summary

Dollar gains against yen, DM

DOLLAR'S slide was halted by a welter of supportive statements from US and Japanese officials, backed by central bank intervention. President-elect George Bush said he would continue President Reagan's economic policies, including commitment to a stable dollar. Despite speculation of a "Black Monday" the dollar gained nearly one yen against the D-Mark in London. Lex. Page 26; Markets, Page 41

NICKEL prices jumped as stocks in London fell

Exchange warehouses fell by



450 tonnes to 1,208 tonnes, just above the contract low of 1,202 tonnes of August 1982. Metal for nearby delivery rose \$900 to \$14,350 a tonne. Page 16

FRAMATOME, the French nuclear power plant manufacturer

40 per cent owned by the privatised Compagnie Générale d'Electricité is negotiating a joint venture agreement with Babcock and Wilcox of the US to expand its presence in North America. Page 27

MOUNTLEIGH chief executive John Duggan

was sacked from control of the property group he was trying to restructure. Page 27

AACHENER and Munchener West Germany's fifth biggest

brewing firms in Volkswagen, one of Germany's biggest insurers. Page 27; backgroup Page 30

GUINNESS, the brewing and spirits group

has been refused the chance to make a final appeal to the Law Lords against a decision by the City of London's Takeover Panel that the company broke the takeover code by its involvement in a concert party purchase of Distillers shares. Page 31

UNILEVER announced third quarter pre-tax profits of \$410m

(\$390m), a 14 per cent increase. In line with most City of London forecasts, the Anglo-Dutch consumer goods and food group turned in a 7 per cent rise in sales to \$4.49bn. Page 31

CHASE MANHATTAN, third largest bank in the US

is adjusting its European strategy in anticipation of the creation of the unified EC market to concentrate on wholesale banking services for major corporations and upmarket private banking for individuals. Page 28

K Mart, the second largest retailer in the world

is expecting record sales and earnings this year after a strong performance in the first nine months due to lower retail prices, more advertising, and merchandising. Page 28

HONEYWELL Bull, the computer manufacturer owned jointly by Groupe Bull of France

and NEC of Japan, yesterday announced a new mainframe computer family. Page 28

RARELOW RAND, the South African industrial and mining group

lifted its operating profit by almost half in the year to September and is confident of further growth this financial year. Page 29

Gorbachev says food supply must take top priority

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, dragged half the top ranks of the ruling Communist Party into the countryside yesterday for a public teach-in on the acute problem of food supply and the need for urgent agricultural reforms. Providing enough decent food in Soviet shops was now the most critical single issue facing the ruling party, he told them in a new demonstration of the Soviet leadership's worry at a growing consumer backlash to economic reforms. He sought to show that there was a positive way to transform the Soviet economy - by granting more power to local initiative and giving farm workers the right to lease their own land.

He took four other full members of the ruling 13-man Politburo, three of the eight candidate members, and a large number of party first secretaries from republics and regions around the Soviet Union, to discover how one rural area has managed to transform its agricultural production. The extraordinary session took place in the town of Oryol, 225 miles south-west



Thatcher: growth too strong

Thatcher stresses control of inflation

By Philip Stephens in London

MRS Margaret Thatcher, the British Prime Minister, yesterday delivered a confident assessment of the prospect of a "soft landing" for the UK economy and reaffirmed that the defeat of inflation remained her Government's priority. Speaking before her visit to Washington later today, she also underlined her view that strong Western defences were a prerequisite for better East/West relations. She voiced confidence that Mr George Bush, the president-elect, would stick with the policies of President Reagan.

She said the Government had a "little too strong" but that it was necessary to ensure that the country was not "left behind" in a world of rapid technological change. She also stressed the need to control inflation and to ensure that the country was not "left behind" in a world of rapid technological change. She also stressed the need to control inflation and to ensure that the country was not "left behind" in a world of rapid technological change.

Bush faces pressure over savings and loans rescue

By Anatole Kaletsky in New York

THE POTENTIAL cost of rescuing the hundreds of insolvent institutions in the US savings and loan industry is growing at a rate of more than \$15bn annually, the Federal Deposit Insurance Corporation said yesterday.

The FDIC estimate, which publicly confirms for the first time the enormous costs which the US Government has incurred by delaying a solution to the thrift crisis until after last week's elections, is bound to intensify the pressure on the incoming Bush Administration to put the embarrassing and costly S&L issue at the top of next year's political agenda. Private analysts had guessed that the cost of S&L insolvencies was probably growing at \$500m to \$1bn a month, suggesting a bill of only \$6bn to \$12bn for the past year of political procrastination. The FDIC figures, which were not intended for publication but leaked in Washington,

were confirmed yesterday by the corporation.

They highlight an increasingly bitter political dispute between the US commercial banking industry and the S&Ls. The FDIC is the government agency responsible for insuring commercial bank deposits and has no legal jurisdiction over S&Ls. These are regulated by the Federal Home Loan Bank Board and insured by its subsidiary, the already-insolvent Federal Savings and Loan Insurance Corporation.

The FDIC's decision to step beyond its own regulatory turf in the banking industry was motivated in part by the growing fears in the banking industry that Congress would try to divert the money in the FDIC's \$16bn bank deposit insurance fund into a bail-out of the S&L industry. The FDIC's estimate of the thrift industry's rescue costs was based on an analysis of public documents filed with the FHLLB by thrift institution at the end of the second quarter of 1988.

Commodity nations to press for compromise at Gatt talks

By Chris Sherwell in Sydney

THE CAIRNS group of 13 commodity producing nations, disheartened by the lack of progress in the Uruguay Round of trade talks, has embarked on a co-ordinated strategy to press the big trading countries to compromise at next month's key mid-term review in Montreal of the General Agreement on Tariffs and Trade (Gatt).

The group, formed two years ago in the Queensland coastal town of Cairns, is made up of fair-trading commodity producing countries which desperately want to see the reform and liberalisation of world agricultural trade. Ideally the group would like a commitment at Montreal to a freeze in the level of trade-distorting financial support for agriculture and a reduction

over the next two years of 10 per cent in aggregate output-based farm support.

It is also seeking agreement on a framework of talks for the remaining two years of the Uruguay Round, to negotiate progressive cuts and the eventual elimination of agricultural support. Mr Duffy told the Budapest meeting that the positions of the US and the EC were "still poles apart", and warned that if there was no satisfactory compromise at Montreal "then the entire Gatt Round will be soured".

This view was echoed in the group's communiqué, which said the "inflexibility displayed by the US and EC posed a serious threat to achieving a successful outcome" in the Montreal review and even the whole Round.

Saudi Arabia weathers the storm of Iranian wrath

Saudi Arabia, its stability apparently unimpaired by the Gulf war, is taking the lead appropriate to its size and wealth with King Fahd striking a more balanced relationship between the Gulf states and Iran. Page 8

Greece: Rise and fall of banking tycoon George Koskotas

Diplomacy: End of an era in US-Japanese relations Technology: A higher spec for the Soviet machine ... 19

Problems of setting up a franchise in Portugal

Editorial comments: The next step in Ulster; Reciprocity in the Middle East

National security: In defence of a good schooling

Leas Markets; Abbey; BOC; Mountleigh; Unilever

Table with columns for Europe, Asia, Americas, and various market indices like Agriculture, Arts-Reviews, World Guides, etc.

MARKETS table showing various market indices like France CAC General Index, Sterling, Stock Indices, etc.

Shamir asked to form next government

By Andrew Whitely in Jerusalem

MR Yitzhak Shamir, Israel's outgoing Prime Minister and leader of the right-wing Likud group, was nominated yesterday by President Chaim Herzog to form Israel's next government.

Mr Shamir was chosen after receiving the support of religious parties holding the balance of power following this month's elections, but he immediately said he would aim to build a broad-based coalition, including the Labour Alignment.

Such a coalition, Mr Shamir's aides said, would provide a unified front to the outside world.

Mr Shamir now has the luxury of being able to dictate the shape of the new government. He can either bring in Labour in a secondary role, or form a narrow coalition capable of commanding a parliamentary majority with its small religious and right-wing allies.

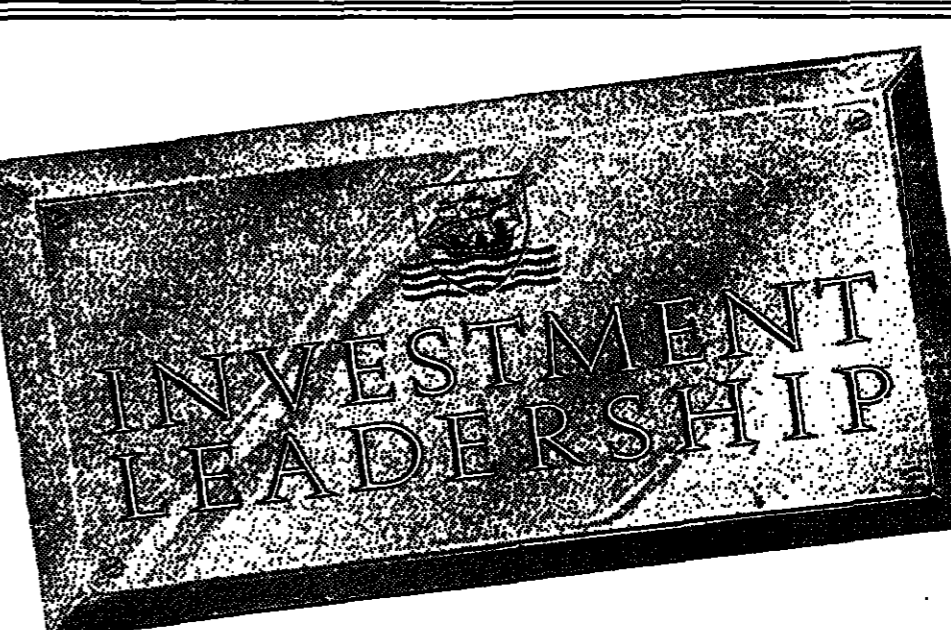
In either case the dream of Mr Shimon Peres, the Labour leader, of setting up an international peace conference as the way towards direct talks with Jordan and the Palestinians appears to have been consigned to the dustbin of failed Middle East peace plans. Further negotiations lie ahead. Several Labour leaders want an equal partnership in any coalition and are reluctant to abandon their proposal for a Middle East peace conference. A Labour faction led by Mr Yitzhak Rabin, Defence Minister, is campaigning to stay in office even in a junior role. After a brief meeting with the 73-year-old Mr Shamir, President Herzog urged the formation of a government which would calm Israelis and foreign Jews who fear that Israel is on the verge of a new era of religious extremism and intolerance. Preoccupied with their own hectic, late-night negotiations over the new government, scant attention is being paid in Israel to the parallel drama being played out in Algiers in the meeting halls of the Palestine National Council.

PLO set for historic policy declaration

By Andrew Gowers in Algiers

THE Palestine Liberation Organisation (PLO) will today launch a new phase in its struggle for a homeland by declaring independence and setting out a new political programme which implicitly recognises Israel's right to exist within secure borders. Barring an unlikely last minute upset, the Palestinians' National Council (PNC) meeting in Algiers is due to proclaim the establishment of an independent Palestinian state with Jerusalem as capital, thus endorsing for the first time a two-state solution to the Arab-Israeli conflict and renouncing the PLO's claim to all of what used to be British-ruled Palestine. Simultaneously, the PNC, which Palestinians regard as their parliament in exile, will issue a policy statement.

PLO leaders hope this statement will open the way to an international peace conference on the Middle East by specifically endorsing United Nations Security Council Resolutions 242 and 338 and calling for guarantees of Palestinians' national and political rights. It will not, however, mention Israel by name. Resolution 242 of 1967 calls for withdrawal of the Israeli armed forces from territories occupied in the Six Day War, and requires "respect for and acknowledgment of the sovereignty, territorial integrity and political independence of every state in the area." Resolution 338, passed six years later, requires immediate talks on a "just and durable peace in the Middle East."



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EUROPEAN NEWS

Brussels go-ahead soon for VW link with Wagons-Lit

By William Dawkins in Brussels

A MERGER between the car rental businesses of Wagons-Lit, the Franco-Belgian travel and leisure group, and Volkswagen, the West German car-maker, is expected to get clearance shortly from European Commission competition authorities.

The companies announced the deal last March, but subsequently applied for Brussels' go-ahead to avoid the risk of any surprise interventions in what is now the largest European-owned car rental group. A growing number of merger partners are understood to be seeking clearance from the Commission, which is pushing aggressively to extend its anti-trust powers.

Commission officials expressed surprise at suggestions that the companies

sought backing from Brussels on the grounds that they thought the French Government had reservations about the deal.

The merger brings together Wagons-Lit's Europcar subsidiary, which has 33,000 vehicles at its disposal, with Volkswagen's InterRent offshoot, with 30,000 cars. The Commission argues that the deal will not distort competition because the EC car rental market is fragmented. The new group will still be smaller than US-owned Hertz and Avis Europe. The merger "will help to improve the two companies' competitive capacity in a growing and international service industry, and will moreover reinforce competition to the benefit of EC consumers," says Brussels' draft decision.

Cyprus looks to join next batch of EC entrants

By David Buchan in Brussels

CYPRUS WANTS to join the European Community as part of the next batch of new entrants that is likely to be led by Austria and may include Malta, President George Vassiliou said yesterday.

"We want to be part of the enlarged Community," Mr Vassiliou said, going on to suggest that his country was "ready at any time" to discuss common negotiating tactics with Austria and Malta, the two other countries considered most likely to be the next applicants for EC membership.

The Cypriot strategy seems to be to wait for Austria to move and then follow in its political slipstream, rather as Denmark and Ireland did with the UK in 1973.

But Mr Vassiliou recognised that Cyprus' entry was depended crucially on the Community. The latter, he said, had made clear it did not want any new members before it completed its planned single market programme by the end of 1992, though this did not necessarily preclude entry negotiations starting.

As Mr Claude Cheysson, the EC's Mediterranean policy commissioner, pointed out yesterday at a joint news conference, Cyprus was, in terms of relations with the EC, ahead of the European Free Trade Association countries.

In October 1987 Cyprus and the EC committed themselves to phasing in over 15 years not just free trade, but a full customs union sharing a common external tariff towards third countries. Mr Vassiliou said Cyprus would also be copying the EC soon in basing indirect taxation on value added taxes.

The Cypriot President said he still had "substantial differences of opinion" with Mr Rauf Denktaş, the Turkish Cypriot leader, in the latest round of inter-communal talks. He rejected the idea that Cypriot entry into the EC might depend on improved relations between Turkey and Greece.

However, a political settlement in Cyprus is, in Greek eyes, a precondition to any approval of the EC entry application which Turkey made in April 1987.

Soviet law reform falls behind schedule

By Quentin Peel in Moscow

SWEEPING PLANS for the overhaul of the Soviet legal system, including both the penal code and the law courts, are being held up by big difficulties in the drafting process, top legal officials in Moscow revealed yesterday.

Mr Alexander Sukharev, the Soviet Procurator-General, said some bills had to be "very seriously revised and require redrafting and a second round of discussions", in the clearest indication to date of the stormy political debate underlying the legal reform process.

The bills under discussion include not only a new penal code and judicial reform in an effort to ensure an independent judiciary, but also new legislation on youth, on devolution of power to local authorities, on the press and on religious rights.

All were promised by the Extraordinary 19th Communist Party conference in June, and supposed to be submitted by the end of the year. The judicial reform and penal code were expected to be ready for the session of the Supreme Soviet later this month.

Mr Sukharev said it was impossible to give a precise timetable for the reforms, because of the drafting negotiations.

The irony is that the Soviet authorities are facing criticism on two fronts: they are accused of giving too little time to debate constitutional changes in the electoral system, and to create an executive presidency, which are supposed to be approved at the end of the month. But they are also accused of dragging their feet in putting forward the other legal reforms.

Mr Sukharev revealed that the membership of some of the legal drafting committees had been changed in the course of negotiations - although he did not reveal which. One of the bills known to have been sent back for redrafting is that on the press, criticised by reformers as much too restrictive.

He said that all the legal reforms should become law at least by next autumn.

Reformist tide laps feet of Prague leaders

Leslie Colitt, recently in Czechoslovakia, on mounting pressures for change there

MR ALEXANDER DUBCEK, the former reformist leader of Czechoslovakia, threw his full support behind Mr Mikhail Gorbachev's economic and political reforms during an emotional visit to Italy at the weekend.

But the Soviet leader is unlikely to reciprocate by espousing the cause of reforms in Mr Dubcek's homeland. Indeed, Mr Gorbachev recently gave the anti-reform leadership in Prague a new lease of life.

He implicitly endorsed last month's reshuffle of the Czechoslovak leadership which led to the ousting of Mr Lubomir Strougal, the reform-minded Prime Minister. At the same time Mr Jan Fojtik, the hard-line ideological Central Committee secretary, emerged strengthened. The party's presidium was packed with younger conservatives.

Czechoslovaks who had hoped Mr Gorbachev would push Mr Milos Jakes, the party leader, towards reforms, were deeply disappointed. But Mr Gorbachev, who is immersed in problems at home, has no desire to re-open the Pandora's box of Czechoslovak reforms. He made this very clear during a visit to the country in May.

Nevertheless, Prague's orthodox leadership faces what may be its most serious challenge since coming to power nearly 20 years ago in the aftermath of the Prague Spring.

Two decades of near total passivity ended last August 21 in mass protest demonstrations by thousands of young people

in Prague. They flared again on October 28, National Day, but this time the protests were quickly put down by riot police under a tough, newly appointed Interior Minister.

Yet the tiny but active opposition in Czechoslovakia senses an important shift in the public mood.

"For 20 years everyone knew that if we did something the Russians would come. This barrier of fear is slowly beginning to crumble," Ms Anna Shabatova, a co-founder of the Charter 77 human rights group said. The young people who demonstrated had no memory of the invasion and took to the streets spontaneously. "They had had enough of lies."

Cardinal Frantisek Tomasek, the outspoken 89-year-old Czechoslovak primate, expressed open admiration for the young protesters who showed "greater courage" than



president of the Rai television network, Mr Enrico Manca, to make inordinately long speeches which crowded out the contribution which everyone had wanted to hear.

their elders.

"It is a new phenomenon and we have renewed hope," he remarked at the archbishop's palace. It stands symbolically in the shadow of Prague Castle where President Gustav Husak resides. Cardinal Tomasek said another positive sign was the endorsement by more than 600,000 Czechoslovak Catholics of a petition to Mr Husak, demanding an end to religious persecution.

Unquestionably, the growing unrest is being fuelled by resentment about shortages of consumer goods and creeping inflation. Mr Miroslav Pavel, the government spokesman, acknowledged that supplies of durable goods had worsened and that a "certain nervousness" existed about next year's planned price rises.

In order to plug the gap in domestic supplies, the Government is expected to increase imports of consumer goods from the West. But while this may quell dissatisfaction temporarily it cannot solve the underlying problems.

Mr Karel Dyba, an economist with the Czechoslovak Academy of Sciences, said one of the main problems was that Czechoslovakia continued to invest heavily in production of heavy machinery. Spending rose 11 per cent this year although the Soviet Union, the main market, is cancelling machinery orders as a result of its reforms. In most cases the special purpose machinery arrives in Czechoslovak warehouses as unsold stock.

Equally serious, Mr Dyba pointed out, was Czechoslovakia's growing deficit in its non-Communist trade which amounted to \$120m in the first three quarters of this year. He cautioned against using Western credits to keep Czechoslovak heavy industry "running and employing people" to produce unwanted machinery.

Mr Dyba said the "dismal" 2 per cent nominal growth in output this year as well as growing indebtedness and consumer goods shortages resulted from past failure to reform.

The economic changes introduced experimentally over the past year give little reason for optimism. The 440 self-financing companies do not include any of the giant companies that have been making losses. However, company directors are now able to decide whether a certain share of output can be sold to the West. Managers can also retain some more money for investments and have an account which theoretically entitles the company to a portion of its hard currency receipts.

All indications are that the party will proceed very cautiously with economic reforms while keeping the brake on political reforms, at least until the next party congress which Mr Jakes has moved forward to 1990.

But the key problem remains that a rapidly deteriorating economy and growing public impatience may force changes on the party whether or not the leadership wants them.

Kosovo leaders expected to quit as pressure mounts

By Judy Dempsey in Belgrade

THE increasingly beleaguered party leadership in Yugoslavia's province of Kosovo is expected to resign later this week following renewed pressure from the Republic of Serbia.

The leadership, headed by Mrs Kacusa Jasari, is due to discuss today which leading members of the provincial committee are responsible for the ethnic tensions in the region. If Mrs Jasari - along with Mr Azim Vlasi, a former party leader of Kosovo - resign, it will almost certainly represent a victory for Mr Slobodan Milosevic, Serbia's powerful and populist leader.

Mr Milosevic, along with Serbian nationalists, regard top officials in Kosovo as responsible for the continuing emigration from the region of the Serb and Montenegrin minorities, who, they claim, are being intimidated by the largely ethnic Albanian population.

During last month's important central committee meeting of the Federal Party, Mr Milosevic failed to topple the leadership in Kosovo, which is constitutionally linked to Serbia.

He was also unable to purge the Federal Politburo after several

embarrassing defeats, Serbia has since continued to focus on Kosovo, and particularly on demanding the resignation of Mrs Jasari and Mr Vlasi.

Mrs Jasari, half-Montenegrin and half-Albanian, so far has resisted these attacks, relying on support from the Kosovo party.

But it now seems the pressures from Serbia and pro-Serbian factions within Kosovo make her resignation seem inevitable.

If she resigns, Mr Husamedin Azemi, head of the party in Pristina, Kosovo's provincial capital, will take over.

Lacking its wounds from the

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Lacking its wounds from the

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EUROPEAN NEWS

Banker's disappearance puts Greek Government under the spotlight

Andriana Ierodiaconou picks her way through the maze of a banking and political scandal that reads like the plot of a thriller

THIS is the incredible tale of the rise and fall of a Greek tycoon: introducing Mr George Koskotas, 34, banker, press baron and protagonist of one of the gravest economic and political scandals in Greece's history.

The Bank of Greece is the only entity that could lay any claim to the title of hero in that thriller. The bank has now publicly charged the Government with obstructing the investigation into Mr Koskotas' affairs and it has become clear that, if Mr Dimitris Chalkias, the Bank's Governor, and Mr Stavris Pappageorgiou, his deputy, had not acted as amateur sleuths, that investigation might not have got off the ground.

From then on his rise was meteoric. Grammi mushroomed into six magazines, three daily newspapers and a commercial radio station, meanwhile transferring its original modest downtown Athens headquarters to a multi-million-dollar installation sited north of the capital.



Koskotas: November flight

his influence lay in Grammi which, at a time when the Government's relations with the rest of the press were deteriorating, gave the Socialists valuable backing.

Mr Koskotas also made important inroads into the right-wing press. Mrs Helen Vlachou, the grande dame of the Greek publishing world, was persuaded to sell her prestigious conservative daily Kathimerini to the young entrepreneur and a second leading conservative daily, Vradyni, was subsequently added to Grammi's arsenal.

It was revealed that the Government was poised to approve 42.5 per cent Bank of Crete participation in a proposed development corporation for the Aegean region. These plans were withdrawn after a general outcry. Meanwhile the investigation became bogged down in a law on the confidentiality of bank deposits, invoked by Mr Koskotas to deny the Bank of Greece access to his personal account at the Bank of Crete.

At the end of the day, unanswered questions on the Government's role in the Koskotas affair abound, reinforced by the beleaguered tycoon's mysterious disappearance. The Government's disclosure that Mr Koskotas sought to block the legal process with a forged document purporting to show the payment of millions of dollars in bribes into bank accounts abroad in the names of senior Socialist officials, including Mr George Pappageorgiou, the Prime Minister's son and Education Minister, has scarcely comforted public opinion.

Combative Haughey steps back into the political ring

By Kieran Cooke in Dublin

LOOKING PALE and rather thin but none the less in fighting mood, Mr Charles Haughey, Ireland's Prime Minister, returned to the political stage yesterday.

being made by the opposition on his Government, particularly over allegations that he was trying to gerrymander constituency boundaries and that his party had misallocated national lottery funds.

Portuguese bank forms Spanish link

By Diana Smith in Lisbon

THE SMALL, specialised Banco de Comercio e Industria (BCI) has become the first Portuguese commercial bank to form an international partnership. Shareholders have accepted a proposal by Spain's Banco de Santander to acquire 10 per cent of BCI's equity.

EC plans company to promote high-definition TV

By William Dawkins in Brussels

THE European Commission wants to set up an EC company to promote the development of high-definition television as part of its battle to gain international acceptance of its own standards for the future generation of HDTV.

ner and encourage electronics and broadcasting companies and government bodies to join.

1991, when Japanese companies expect their own market for HDTV, which will offer ultra-high quality pictures and sound, to start to take off.

Committee for International Radio Telecommunications (CCIR), the main world broadcasting standards authority, which is due to decide by the end of 1990 which HDTV system should prevail.

Accordingly, Brussels wants to put pressure on the CCIR to stick to its own regulations that new broadcasting systems should be easily convertible - a provision which Commission officials claim the Japanese have ignored.

Portugal's Communists demote leading reformer

PORTUGAL'S Communist party, one of the most Stalinist in Western Europe, has expelled a leading reformer from its central committee, rejecting her invocation of Mr Mikhail Gorbachev's ideas as distorted and insidious, Reuters reports from Lisbon.

"She has presented herself as a victim of political persecution, constantly invoking perestroika (restructuring) in a systematically distorted and insidious way."

Central and Exterior have been stuck for eight years in the queue for licences, but Hispano-Americano and Bilbao-Vizcaya partly dodged the problem by setting up investment firms without abandoning hope for full banks one day.

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AMERICAN NEWS

Voters set to rebuff Brazil's rulers

By Ivo Dawnya in Rio de Janeiro

MORE THAN 60m Brazilians go to the polls today in municipal elections expected to give a sharp rebuff to the country's dominant party, the Brazilian Democratic Movement (PMDB). The party, which only two years ago won all but one of Brazil's 23 state governorships, is forecast to lose in all three main urban centres, São Paulo, Belo Horizonte and Rio de Janeiro, alongside many other big provincial cities.

As labour unrest surges through Brazil's vast public sector, it is the left-wing parties that look set to gain most from today's polls. The Democratic Workers (PDT), led by former Rio governor Leonel Brizola, looks certain to take Rio, Curitiba and possibly even President José Sarney's home town of São Luiz, capital of the northern state of Maranhão.

In São Paulo, by far the wealthiest prize, with 11m inhabitants, Mr Paulo Maluf of the right-wing Social Democratic Party (PDS) faces an unexpectedly strong challenge from the PDT, which sprang from Brazil's union movement. But in many towns the outcome will reveal only the relative popularity of individual politicians.

Pundits believe the elections, which involve obligatory voting, will above all underline a deep-seated disillusionment with politicians as a whole.

The veteran leader is hampered, however, by years of horse-trading with opponents and collaboration with the Sarney administration.

PRI candidate named winner in Tabasco vote

By Richard Johns in Mexico City

THE candidate of the ruling Institutional Revolutionary Party (PRI), Mr Salvador Neme Castillo, has been declared the winner of last week's gubernatorial elections in Tabasco, with a majority of 77.9 per cent of the votes cast.

Before the announcement on Sunday by the State Electoral Commission, his opponent, Mr Andres Lopez Obrador of the broad left National Democratic Front (FDN) coalition, gave notice that he would seek an annulment of the election. He claims there were violations of the electoral code in 400 of the 1,062 booths.

The Government is not, how-

Commercial banks yesterday made a \$4bn payment to Brazil, the first under a recently completed \$82bn (\$46bn) financing package which includes a total of \$5.2bn in new loans. Earlier this month, Brazil made an interest payment which brought it current on interest to banks for the first time since February 1987.

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Thatcher takes stock of Bush as his own man

Peter Riddell reports that Britain should not assume the continuance of the special relationship

MRS Margaret Thatcher's two-day visit to Washington is intended to renew what she has called "the enduring alliance with the US which is fundamental to our beliefs and objectives".

For her hosts, President Ronald Reagan and President-elect Bush, it will be a chance to express public thanks to the most loyal supporter of the US in Europe. But for them it will also be only one of a series of meetings with alliance leaders, having been preceded by talks today with Chancellor Helmut Kohl of West Germany.

The importance of Mrs Thatcher's visit (she arrives tonight) depends on the viewpoint. Amid all the undoubtedly genuine expressions of mutual esteem at the White House tomorrow it will be tempting, though mistaken, for the British to see the election of Mr George Bush as business as usual, continuing the close relations which Mrs Thatcher has enjoyed with President Reagan.

The President-elect and the Prime Minister certainly know each other well - Mr Bush has frequently met Mrs Thatcher as he passed through London. He even highlighted the relationship in his campaign speeches and films - once joking that she would make a good running mate.

Yet Mr Bush is now a different per-

son from the loyal deputy he has been for the past eight years. At long last he is his own man and, as he indicated with the selection of Senator Dan Quayle as his vice-president, Mr Bush is determined not to be overshadowed.

All this will require a change of attitude from Mrs Thatcher. With President Reagan she has had "an almost mystical relationship", according to one senior US official closely involved. Mr Reagan has admired her toughness as a fellow-fighter in rolling back the forces of socialism and communism. For her part, Mrs Thatcher may have been less starry-eyed about the president and his abilities, but she has respected his ideological stand.

As a result President Reagan has done things for her which he would not have done for any other leader, according to a senior US official. For instance, he intervened, at her specific request, to order the dropping of the anti-trust case against British Airways at a critical stage before its privatisation - much to the irritation of the US Justice Department.

At present, the threat of a direct intervention from Mrs Thatcher has apparently acted as a block on the unanimous desire of the US foreign policy community (State, Defence and the CIA) to reassume the supply of

arms, and particularly aircraft, to Argentina. The US belief is that Mrs Thatcher would immediately speak to the President to stop any suggestion of such a move.

Mrs Thatcher has, however, talked to the President directly only on major issues. In general, she and the Foreign Office have acted subtly - gaining an influence in Washington when there is no consensus within the US Administration.

For instance, during the Falklands war in 1982, Britain gained the active help of the Anglophile Mr Caspar Weinberger, the Defence Secretary, in securing invaluable logistical support before the US formally declared itself for the UK, in the face of active hostility from some in the State Department. More recently, when Mrs Thatcher intervened on behalf of other European leaders after the abortive Reykjavik summit two years ago, her direct access to President Reagan was welcomed by those in the foreign policy community who, like her, were alarmed by his vision of a non-nuclear world.

President-elect Bush is unlikely to be as willing as Mr Reagan to allow such access and influence to Mrs Thatcher. He already has considerable knowledge of foreign affairs and, with

Mr James Baker as Secretary of State, the US is likely to have its own very clearly defined approach.

On a personal level, Mrs Thatcher will be more energetic and more intellectually involved than his predecessor and therefore will have to be treated differently.

Therefore, for all the talk in the London tabloids of Mrs Thatcher as a senior Western leader advising the new President, British officials are keen to stress that she will not be charging in, waving her handbag, to deliver a lecture.

According to a senior adviser, Mrs Thatcher will be "anxious to express support, but also extremely careful to ensure that there is no suggestion of being the boss. We are going to listen, to see what type of president he is going to be, how tough."

Yet Mrs Thatcher is temperamentally incapable of being a follower. One senior US official believes she will have to be careful not to patronise Mr Bush, stabbing her finger at him and pouring forth blunt advice as she did with the ageing, and at times bemused, President Reagan.

If the main point of the visit is to renew contact, Mrs Thatcher wants to stress British and European concern

with reducing the US budget deficit, with urgently pushing forward talks about the Middle East, and with the need for full consultation within the North Atlantic Treaty Organisation over the next stage of arms control talks with the Soviet Union. In many respects, President-elect Bush's caution, and concern over the imbalance of conventional forces, are more congenial to the Europeans than some of President Reagan's Utopianism.

However, Mrs Thatcher's undoubted affinity with President Reagan, and her special access to him, may have fostered illusions in Britain about the nature of the special relationship. This may have disguised the fundamental point that the US matters far more to Britain, and Mrs Thatcher, than Britain does to the US. This was shown by the lack of consultation at the time of the US invasion of Grenada five years ago and, more significantly, in the running disputes over extra-territoriality issues.

The election of Mr Bush may result in a less cosy relationship, exposing these illusions about the degree of British influence with the US. But Mrs Thatcher is determined to ensure that close relations with Washington remain at the centre-piece of her foreign policy. She believes that a public reaffirmation of support is the best way to retain private influence.

Canada parties neck-and-neck ahead of poll

By David Owen in Toronto

JUST one week before the Canadian general election, the two leading parties are tied for support, according to the latest opinion poll.

The poll, conducted by Gallup for the Toronto Star newspaper, shows the Liberals and the ruling Conservatives neck-and-neck with 35 per cent support among decided voters. The left-of-centre New Democratic Party is backed by 26 per cent.

The sample indicates a significant erosion of Liberal support from a week ago, when a poll by the same organisation gave them a 12-point lead.

The latest findings are in line with the results of a string of polls published in the last seven days, however.

The central issue in an increasingly vituperative campaign is the US-Canada free trade agreement signed by Mr Mulroney.

Court to rule on investors' right to sue

By Janet Bush in New York

THE US Supreme Court said yesterday it would re-examine whether investors who have complaints against their securities brokers have a right to sue them or whether they must submit to standard arbitration procedures.

The lack of a clear right in law for investors to sue brokers for misconduct or negligence is becoming an increasingly political issue in

Congress, which, particularly since an explosion of complaints since last October's stock market crash, has become concerned about so-called consumer rights.

The US Supreme Court ruled on this question in June 1987, but its judgment has been interpreted in conflicting ways by different state and federal courts. Some argue that the decision upheld the 1934 Securities Exchange Act, which requires investors to sign agreements when they open accounts with brokers to submit to standard arbitration procedures.

Other courts have argued, however, that the 1987 decision did not overrule an express right for investors to sue, embodied in the earlier 1933 Securities Act.

Mr Michael O'Neill, an attorney

with the Dallas law firm of Hamilton and O'Neill, said the decision of the Supreme Court to look at this question again was significant because a coherent legal approach needed to be formulated.

Congress broke up before it could consider legislation to give customers the right to reject mandatory arbitration of broker-customer disputes when opening an account.

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Peru package will focus on wages, exports

By Veronica Baruffelli in Lima

PERU'S economic adjustment package will centre on boosting exports and protecting wages, President Alan Garcia said at the weekend.

However, he avoided any mention of whether the package would be agreed with the International Monetary Fund. Mr Garcia is under pressure both from his cabinet and from Peru's growing economic plight to end his opposition to dealing with the Fund.

Referring to the forthcoming package, President Garcia said Mr Abel Salinas, the Finance Minister, would propose "a programme of successive adjustments, a programme with an initial trauma, but [one] which sets targets".

Thousands of workers, including miners and textile workers, are on strike already in demand of higher inflation-indexed wages.

Bigger role for private sector urged in Falklands

THE private sector and local business should be given a larger role in developing the Falklands Islands' economy, a report on yesterday advises, writes Andrew Marshall in London.

Falklands Islands Development Strategy, written by Mr Peter Prynn and Ms Hilary Sunman of Environmental Resources, was commissioned by the Falklands Islands Development Corporation (FIDC), the economic arm of the Falklands Islands Government (FIG). It sets out priorities for the islands over the next 5-10 years.

Three options for the islands' development are set out: a high-growth path through investment in the fishing industry, another based on investment in the non-fishery sector of the economy, and a

third, lower-growth strategy which includes infrastructure development and a "nest egg" of financial reserves. The report recommends "investment across a wide front in sound projects - not rejecting wholly the fisheries, nor leaning too heavily upon it." Approximately 28m should be spent annually on development, while 17m should be transferred to reserves, it says.

The machinery for controlling investment in fisheries should be overhauled, the report proposes.

In general, the report recommends a wider role for local - and overseas - private capital. More of the impetus for development should come from local people, and from joint initiatives between them and the Government, Mr Prynn said in London yesterday.

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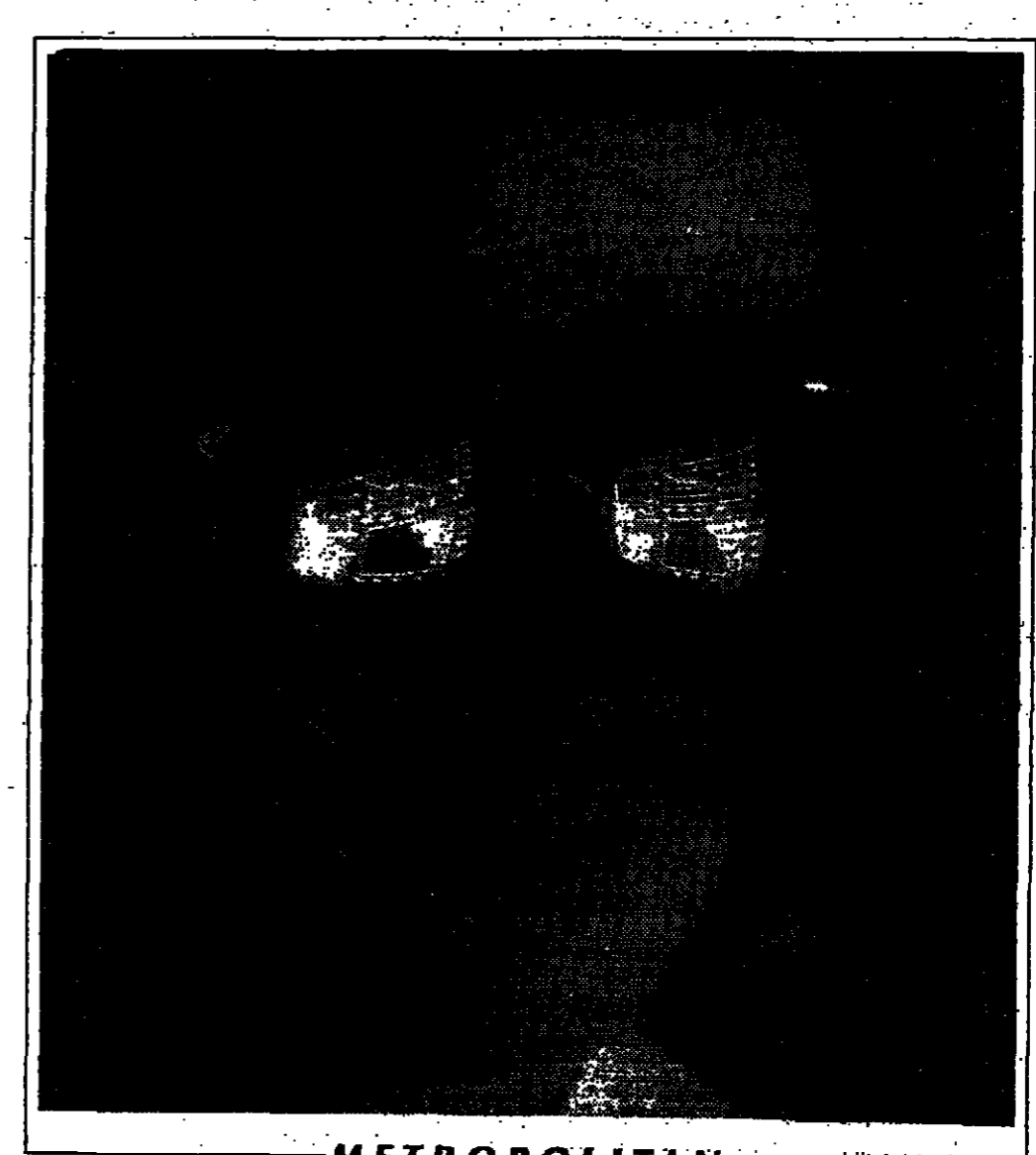
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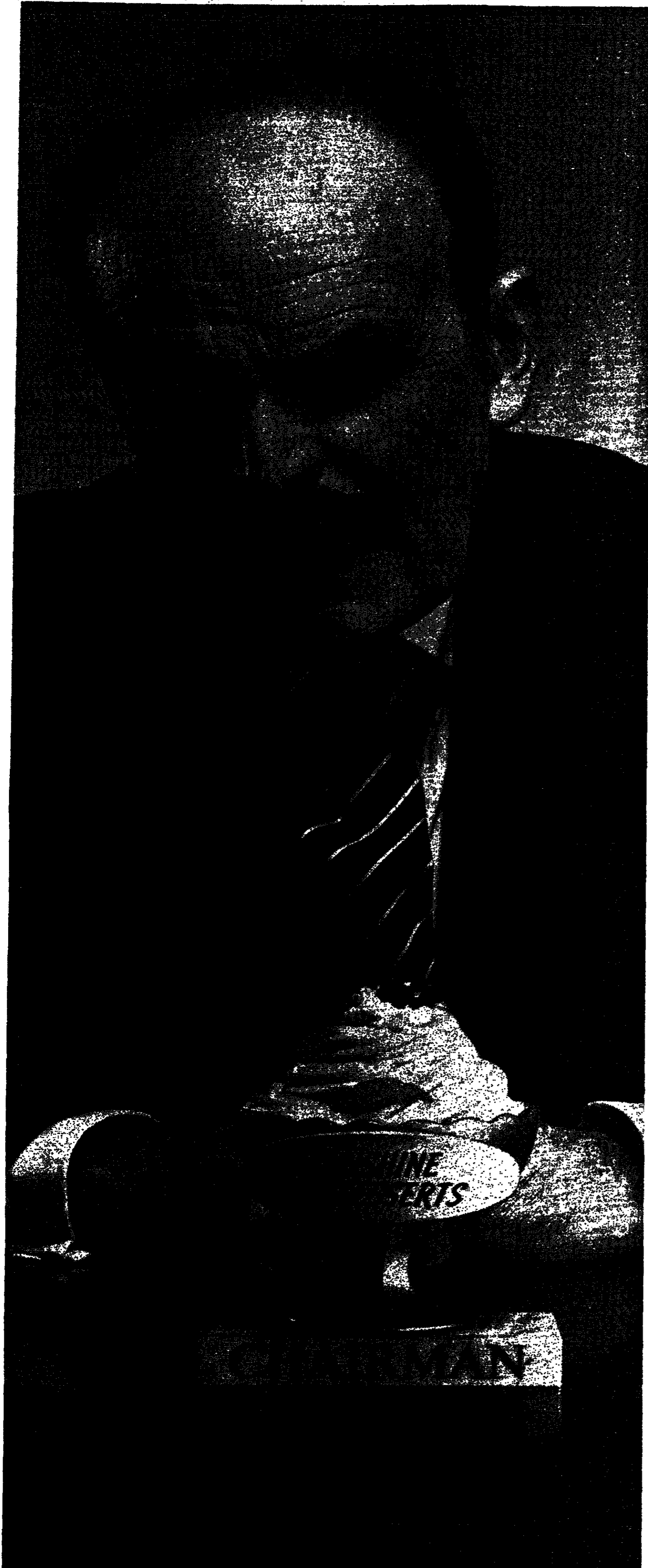


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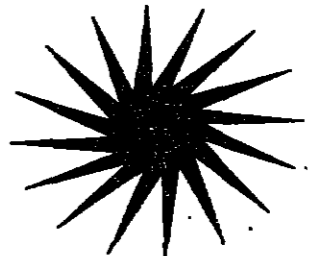
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AMERICAN NEWS

Brazil stumbles on its long march

Ivo Dawney examines the tragedy that shook Sarney's democracy

AS A battleground, it could not have been more symbolically appropriate - the *ancien regime* fighting off the unrealistic aspirations of its employees with live ammunition in the rusting hulk of an out-of-date, chronically indebted state-owned steel mill.

For many Brazilians, the three deaths last week in the clash between troops and strikers at the Volta Redonda plant - itself a once proud symbol of industrialisation in Getulio Vargas's "New State" - have buried any democratic pretensions of the rickety "New Republic" of President Jose Sarney.

With nationwide municipal elections due today, the beneficiaries of the tragedy will most likely be parties on the left. But then, it probably will also boost the swelling movement to spoil ballot papers in protest against the political establishment as a whole.

Since the collapse of the Cruzado Plan price freeze two years ago, the return of inflation now nearing 1,000 per cent a year has made cynicism the biggest constituency in Brazil and despair its recruiting sergeant.

Even so, the events of last Wednesday - more reminiscent of nineteenth century industrial unrest in Europe - have shocked Brazil.

The terrible official silence that greeted the news of the killings also spoke volumes. It was only after an eight-hour meeting between the president and his inner cabinet that official explanations began to emerge, almost 24 hours after the shots were fired.

For the army, the blame lay firmly with agitators carrying out an "urban guerrilla operation." Mr Paulo Brossard, Justice Minister, alleged that "strangers" had penetrated the three-day-old pay strike, while Mr Sarney fell back on an anonymous and sinister group set on using "intimidation and force" to undermine democracy.

Few Brazilians believed these claims, least of all the workforce at the plant. "The only strangers and agitators were the troops," said Mr Wagner Roberto Alves, a 21-year-old maintenance worker last week.



Brazilian soldiers armed with rifles guard steel plant strikers after a clash with troops

In fact, this too was inaccurate. For local army units have been frequent, if unwelcome, visitors to the steel mill whenever industrial unrest has struck. The difference this time was that the ritual confrontation got out of hand after the more militant workers persuaded a reportedly reluctant Monday shift to occupy the plant rather than walk out.

It was when the soldiers first blocked exits, then attempted to carry out a judicial eviction order that the one-hour skirmish of stone-throwing, tear gas and, finally, shooting began.

Both sides inevitably bear some of the blame and a walk through the shattered glass and broken machinery last Friday confirmed that, to begin with at least, the occupiers resisted fiercely.

However, none of this can condone the alleged comment of one army commander to a local bishop, that, while he regretted the deaths, "they will serve as an example for the others."

Such sentiments are just the kind which provoke the politically-motivated violence the Government so clearly fears and creates an image for the regime hauntingly reminiscent of its military predecessor.

Opinions offered by marchers in a 3,000-strong demonstration last weekend revealed that conspiracy theories are a game two can play.

"I think the military wanted a show of strength," said one steel worker. "They are worse than the old regime because now they are disguised."

With hundreds of thousands of state sector workers now engaged in pay strikes, this viewpoint is probably more threatening to the Sarney Government than any number of sit-ins. For the wave of industrial action now sweeping Brazil is above all a civil war within the public sector between workers and their political bosses. Private industry has been virtually unaffected by disputes.

Under present constitutional legislation, federal, state and public company workers are virtually impossible to dismiss.

Consequently, Brazil's mounting wage bill now accounts for 25 per cent of all federal spending or almost four times the notorious foreign debt. When real disposable resources are assessed, that figure climbs close to 65 per cent, yet employees' purchasing power continues to wane.

Furthermore, the scale of public sector unrest is now so

high that any tinkering with existing rights could easily trigger a general strike with unforeseeable consequences.

Mr Malson da Nohrega, Finance Minister, has therefore concluded that only tough new tax measures and faster harvesting of revenues can tide the country through.

This must be allied to the tripartite "social pact" between government, unions and employers aimed at holding inflation to a monthly ceiling. But the current rash of pay militancy may well unravel this latest short-term patch on Brazil's already well-darned economic policy.

One respected political commentator claimed last week that the emergency cabinet session called by President Sarney after the Volta Redonda tragedy seriously discussed invoking State of the Defence powers which would reduce or suspend democratic liberties.

In fact, no such move took place. But the bloody confrontation between soldier and steelworker last week has proved conclusively that while it has been a long march to re-establish some semblance of democracy in Brazil after 21 years of military rule, it is only a short one back to authoritarianism.

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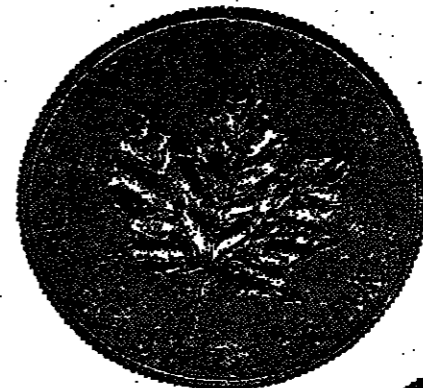
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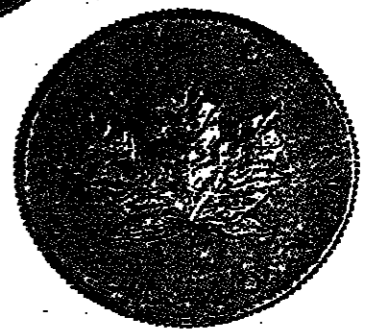


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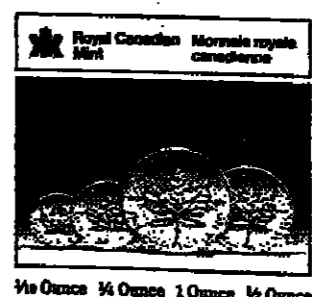


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Indian industry told to prepare for freer trade

By K.K. Sharma in New Delhi

MR RAJIV GANDHI, India's Prime Minister, yesterday gave a clear signal to Indian industrialists that they should prepare for further lowering of tariff barriers and that they should learn to compete with other countries without protection.

In doing so, Mr Gandhi indicated that he is prepared to carry forward the programme of liberalisation of the Government's economic policies - particularly the dismantling of protective barriers under which industry has done business for the past four decades.

Many sectors of Indian industry were opened to competition from imports about five years ago when relatively free imports were permitted and some complaints because of a decline in domestic sales. Such complaints have come particularly from capital goods producers, many of whom find themselves with surplus production capacity.

Mr Gandhi's speech yesterday at the opening of an international trade fair in New Delhi on the centenary of the birth of Mr Jawaharlal Nehru, his late grandfather, is seen as a rejection of demands for protection from such companies and a reiteration of his economic liberalisation policies.

That he chose to make the speech on the occasion of Mr Nehru's centenary underlines the seriousness of his belief that Indian industry should be prepared to face competition from abroad. It was during Mr Nehru's prime ministership that industry was allowed to

grow under the shelter of protective barriers.

Mr Gandhi referred to the early period of independence in 1947 when the protection was given to enable Indian industries to gain strength. "Today, they are able to stand on their own feet and it is necessary for them to start going out and competing in the open world," he said.

Although he acknowledged that shifting to a totally unprotected environment should be in a phased manner to give industries and their workers the chance to prepare themselves, Mr Gandhi made it plain that he wanted the process of lifting barriers to move quickly.

"Time is of the essence because if we don't do it fast enough, the efficiency of our processes and our systems will not improve fast enough for us to cope with the changes taking place worldwide," he said, adding that the challenge had been accepted by smaller industries.

A row is expected in both houses of the Indian parliament today over charges by Mr V.P. Singh, the Opposition leader, that Mr Rajiv Gandhi, India's Prime Minister, accepted payments from Bofors, the Swedish arms maker, of commissions in a \$1.4m defence deal and put them in a numbered Swiss bank account.

Members of the ruling Congress-I and opposition parties had been preparing for the clash yesterday but the day was declared a holiday because of the Jawaharlal Nehru birth centenary.

Mansfield to retire as US envoy to Tokyo

Ian Rodger describes the end of a chapter in US-Japanese relations

"I CAN put your minds at rest," Mr Mike Mansfield, the venerable US ambassador to Japan, told a hushed press conference in Tokyo yesterday afternoon. "The relationship between Japan and the United States, the most important bilateral relationship in the world bar none, is in excellent shape."

It was like Frank Sinatra singing "My Way". Mr Mansfield, formerly one of the most powerful leaders in the US Senate and for the past 11 years the most influential ambassador in Tokyo bar none, was repeating his theme song.

A strong end-of-era feeling is already in the air in Tokyo these days because of the critical illness of Emperor Hirohito, and the confirmation yesterday from Mr Mansfield, who is 85, that he had decided to retire, "subject to the will of the President."

When he arrived in Tokyo in 1977, the notion of the US-Japan relationship being the most important in the world seemed a bit over the top, and it certainly was not in excellent shape.

The Japanese were in a state of high tension because of the Carter Administration's thoughts of withdrawing US troops from South Korea, and the Japanese economy was still struggling to recover from the severe busting it took after the 1973 oil shock.

Mr Mansfield, who had long shown a special interest in Asian affairs, soon managed to calm things down and helped guide the Carter Administration



Mr Mike Mansfield (left), the long-serving US ambassador to Japan, yesterday launched a trenchant defence of Japan's contributions to Western collective security, at the time he announced his resignation, Ian Rodger writes.

In the field of security, the relationship between Japan and the United States could not be better," he said. Japanese military spending, if measured on the same basis as that of the other principal allies, would reach \$41bn this year, compared to \$35bn by the UK, \$32bn by France and \$31bn by West Germany. Also, the Japanese government was paying for 40 per cent of the \$5.2bn annual costs of US forces stationed in Japan. "No other country does as well as Japan in that area," Mr Mansfield said.

He endorsed Japan's current defence missions, which involve defending the Japanese archipelago against a limited scale attack and protecting sea-lanes

southward 1,000 nautical miles, but indicated he did not think they should be larger. "We do not want Japan to become a regional military power and Japan's neighbours do not want it either," he said.

Last weekend, Mr John Tower, former chairman of the US Senate Armed Forces Committee and a candidate for Defence Secretary in the Bush Administration, was quoted by a Japanese news agency as saying that Japan should build up its defence capabilities and shoulder the costs of US forces in Japan as much as possible. He also said Japan should amend its constitution if that was necessary to enable it to participate in efforts to defend Western interests in the Gulf.

Mr Mansfield said the Japanese people had become "basically pacifist since the last war. He did not expect Japan to become a warlike nation again, "because I think they are smart enough to realise what the outcome would be."

away from its withdrawal ideas, in the process winning the trust of the Japanese.

This was cemented in 1981 when in the face of great efforts by some Reagan enthusiasts to get rid of him, he was able to use his powerful congressional connections to neutralise the attacks.

Yesterday, he praised Ronald Reagan as the first US president to show a "continuous interest" in Japan and the Pacific region.

For most of his time in Tokyo, Mr Mansfield has not been a highly visible ambassador, but he is reputed to have wielded tremendous influence behind the scenes, both in Tokyo and in Washington.

Japanese government officials say his arguments to Washington have been instrumental in reducing friction over such issues as Japanese car imports and even this

month, Japan's closed rice market.

His views have also helped convince the Japanese of the urgency of liberalising financial and other markets.

When he does appear in public, as yesterday, he projects the same Lincoln-like combination of austere judgments and homespun commonsense, all delivered in the deadpan monotone that he was famous for in the US Senate. What was the biggest problem Japan-US relations would face in the future? Back came the answer, "Trade," followed by a long silence. How would he like to be remembered? "That I did my best." Would he be writing memoirs? "I have noticed that those who write these books never make mistakes."

He suspected that most people, if they could see biographies written about them 50 years after their time, would

recognise that they had not been as important as they thought they were.

On the other hand, his parting thoughts on the US-Japan relationship were as flamboyant as ever.

"In politics and diplomacy, we work very well together, in foreign aid, we work extremely well. In the field of security, the relationship could not be better. In investment, it is going along very nicely."

He said the bilateral relationship had "come a long way in the past decade, from the status of a nephew to an uncle, to one of a brother to a brother"

in the future, Japan and the US would "work together to guide the rest of the world in the century of the Pacific".

Japanese former PM dies

By Ian Rodger in Tokyo

MR TAKEO MIKI, who as Japanese Prime Minister in the mid-1970s, tried to clean up politics after the Lockheed scandal, died yesterday of heart failure in a Tokyo hospital. He was 81.

Mr Miki was first elected to Japan's House of Representatives in 1937, and achieved something of a reputation as a pacifist, opposing the war with the US. He was re-elected 19 times, remaining a Diet member until his death, despite having been in hospital after suffering a brain haemorrhage in June 1986.

He came to prominence unexpectedly in 1974 when a successor had to be found quickly to Mr Kakuei Tanaka, the then Prime Minister who had come under a cloud concerning certain real estate dealings. In his own words, Mr Miki, a member of a small faction within the ruling Liberal Democratic Party, was named prime minister "out of the blue".

His two-year term was notable for the passing of a law to limit donations to politicians and a thorough investigation of the Lockheed scandal. Mr Miki became known as Mr Clean, even though it is generally accepted that his sudden departure from office were orchestrated by the still powerful Mr Tanaka.

Mr Miki's Government also established the policy of prohibiting the export of weapons.

Terrorists murder 28 Sri Lankan bus passengers

By Mervyn de Silva in Colombo

TWENTY-EIGHT passengers, all Sinhalese, were gunned down yesterday after the Tamil "Tigers" held up a bus 20 miles out of Trincomalee, the island's largest port, which stands between the Tamil north and the ethnically mixed eastern province. Polls will be held in both provinces on Saturday for the first "merged" north-east provincial assembly.

A single provincial council for a trial one-year period is the most controversial provision of the India-Sri Lanka peace accord signed last year by Mr Rajiv Gandhi, the Indian Prime Minister, and President Junius Jayawardene of Sri Lanka.

The Tigers, the strongest separatist rebel group, have rejected this offer of a semi-autonomous region, saying that the devolved powers are insufficient and that the merger will be tested at a referendum in the east, where the Moslems and the Sinhalese together outnumber the Tamils in the process.

The Sinhalese opposition led by Mrs Sirimavo Bandaranaike, a former Prime Minister,

says that the merger may be the first step towards a "Tamil kingdom," a deep-seated Sinhalese fear. Such fears have led to the spectacular rise of the extremist People's Liberation Front (JVP) which has killed more than 600 members of the ruling United National Party, supporters of the accord, policemen and minor officials.

The Tigers are boycotting Saturday's election just as the opposition Sri Lanka Freedom Party and the JVP did the elections in the Sinhalese areas. The election is being contested, however, by three other Tamil groups branded by the Tigers as "Indian Quislings."

With the Sri Lankan police and army preoccupied with the "war" against the JVP in the south, Mr Gandhi has sent several hundred Indian policemen for security duties in the north-east this week.

While Colombo, paralysed for a week by JVP-sponsored strikes, showed signs of returning to normal yesterday, a big military operation has been mounted in the deep south, the JVP stronghold.

Seoul's \$50bn exports make it world's number 10 trader

SOUTH KOREA'S 1988 exports now exceed \$50bn and by December the country should be among the top 10 trading nations, trade ministry officials said yesterday, Reuters reports from Seoul.

A late surge in exports this year was partly due to exporters hurrying through shipments before the South Korean won appreciates further against the dollar, an official said. The won has gained more than 14 per cent against the dollar this year as the Government gave ground to US pressure for a large revaluation.

Sales of cars, televisions, microwave cookers, textiles, steel products and footwear are

leading the boom in exports, at a previous high of \$47.3bn in 1987. Exports should continue to rise next year but at a slower pace, the official said. By the end of this year, trade volume looks set to exceed \$100bn, making South Korea the world's 10th largest trading country, officials added. Seoul's exports topped \$1m a year for the first time only 24 years ago.

South Korea's 1988 trade surplus is expected to widen, however. The trade surplus with the US is expected to fall to \$8.2bn from nearly \$10bn last year, the officials said. The US is soaking up just over 35 per cent of South Korean exports.

Hawke plans fourth term

By Chris Sherwell in Sydney

MR BOB HAWKE, the Australian Labor Party's first three-term Prime Minister, yesterday confirmed he intended to serve a fourth term after the next election instead of stepping down.

In ruling out a quick post-election retirement, 59-year-old Mr Hawke was aiming to deflect suggestions that he might go into the poll as a kind of lame duck. In the process, however, he has precluded an early assumption of power by Mr Paul Keating, the influential federal Treasurer.

Before the last election, in July 1987, Mr Hawke had encouraged many, including Mr Keating, his most likely successor, to believe he would be stepping down well before the next election, which is due in 1990 but widely expected sooner.

Ten weeks ago, however, Mr Hawke opened a damaging public rift with Mr Keating by

openly speculating on his Treasurer's dispensability and affirming that he would not, after all, be standing aside. His move provoked concern among key cabinet figures which he has only recently calmed.

The whole controversy has unfolded with little debate on the electoral prospects of the opposition Liberal-National coalition because of the coalition's own persistent leadership and policy problems under Mr John Howard, the Liberal leader.

Although his position remains the subject of constant speculation, fuelled by the coalition's disunity and the competitive media, Mr Howard yesterday dismissed Mr Hawke's latest pronouncement as "academic", since, as he put it, Labor would be losing the poll. Mr Hawke would retire, he asserted, and Mr Keating would never lead the Labor Party.

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OVERSEAS NEWS

Sudanese rebels agree pact on ceasefire

A MEMBER of Sudan's ruling coalition has struck an agreement that would halt a run-on civil war if it is accepted by the Government in Khartoum, a diplomatic source said yesterday. Reuter reports from Addis Ababa.

The pact was to be signed yesterday in Addis Ababa by John Garang, head of the rebel Sudan People's Liberation Army (SPLA) and leaders of the Democratic Unionist Party (DUP) who arrived in the Ethiopian capital from Khartoum over the weekend for talks with the southern-based rebels, the source said.

Yunnan quake toll at 722

THE EARTHQUAKE which hit Yunnan, south-west China, killed an estimated 722 people, seriously injured more than 4,000 people, flattened 300,000 houses, closed 1,000 schools and affected the lives of more than 3m people.

Death toll estimates, once rated as high as 900, are still uncertain, however. He Zhi-qiung, Governor of Yunnan, said the final toll would probably exceed 1,000.

Trying to close the gap at Angola talks

By Michael Holman, Africa Editor, in Geneva

EFFORTS continued in Geneva yesterday to close the gap between Angola and South Africa over the terms for a withdrawal of Cuban troops from Angola as the south-western Africa peace talks looked set to enter their fifth day.

The day ended with leaders of delegations from Angola, Cuba and South Africa meeting around a table for the first time since the talks began last Friday, but without Dr Chester Crocker, the US mediator.

Mr Neil van Heerden, leader of the South African delegation, began the day with a frosty rejoinder to an optimistic assessment of progress at the talks.

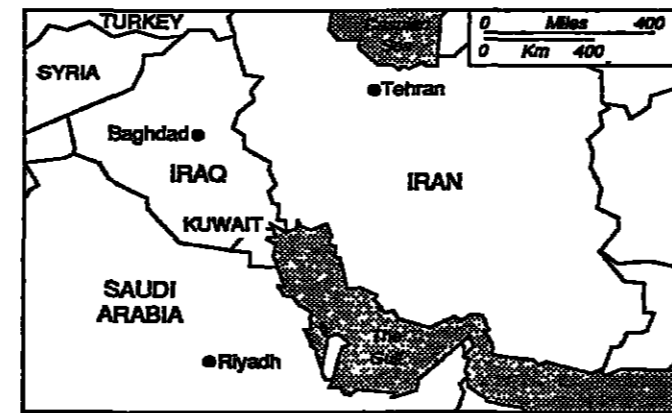
"We are ready to deal," Mr van Heerden emphasised. Earlier in the day, state-controlled South African radio had complained that Cuban proposals for a troop withdrawal "hardly merited serious discussion".

"There remains no public evidence that the gap between the parties over the timetable for a withdrawal of 50,000 Cuban troops from Angola has been narrowed."

Saudis pivotal in see-saw Gulf relations

Robin Allen examines a strategic shift of alliances towards greater Arab security

SAUDI ARABIA, its stability apparently unimpaired by the eight-year Gulf war, is taking the lead in broadening its own contacts with East and West and to reduce its top-sided military dependence on the US.



It is not forgotten in Riyadh, nor in the other Gulf countries, that before the Iranian revolution and the onset of the Gulf war, Iraq, not Iran, was regarded as the regional predator.

The Saudis backed Iraq out of sheer political necessity and at great cost. According to diplomats and oil analysts in the region, "war relief" sales of crude oil and aid in cash amounted to some \$30bn - if losses of principal and interest to the Saudi exchequer are added to lost opportunities in fulfilling the country's own development needs.

Iran is responding, after its own fashion, with ministerial visits to Gulf countries and by holding out the possibility that one of the region's airlines, Gulf Air, may soon resume services to Iran.

Members of the GCC have always been careful to emphasise its economic, commercial and social aspects. Indeed nowhere in the founding articles are defence and security mentioned.

Relations with Iran, once broken, are now of necessity being renewed. Iran has a population of some 50m, compared with Iraq's 16m and Saudi Arabia's 10m.

But the kingdom weathered all the wrath Iran could throw in its direction, including military incursions into its airspace in 1984, attacks on Saudi banks, Iranian-inspired sabotage this year of one of its petrochemical plants in Jubail on the Gulf coast, and Iranian-fostered demonstrations at Mecca last year in which several hundred people died.

It is not forgotten in Riyadh, capital of Saudi Arabia, that before the Iranian revolution and the onset of the Gulf war, Iraq, not Iran, was regarded as the regional predator.

But it is a disturbing and disturbing enough northern neighbour that Saudi Arabia needs to bring it back into the regional community.

Both countries apply the principles of Islam in their own rigorous fashions, yet Iran is integration, the GCC has been a great source of comfort where it mattered most - as a mutual defence and security pact between the leaders of the six countries.

Damage has been severe in 14 of Yunnan's counties, especially in Lancang, close to the Burma border.

There is no sign that Iraq has given up the long-held view of itself as the paramount power in the region. It could be argued that its invasion of Iran in September 1980 was a logical outcome of this self-image.

The dialogue with Iraq, never broken, will of course be maintained, but its nature will change to take account of the Gulf war ceasefire.

Relations with Moscow have been suspended since 1988. But Saudi Arabia is now widely expected to exchange ambassadors with the Soviet Union as soon as the latter completes - to Saudi satisfaction at least - its withdrawal from Afghanistan.

Lomé deal will stress structural adjustment

By Peter Montagnon, World Trade Editor

THE NEXT Lomé agreement between the European Community and developing countries will place new emphasis on structural adjustment, but Brussels will not blindly follow the prescriptions of the International Monetary Fund and World Bank, a top EC aid official said in London yesterday.

The EC approach to structural adjustment would be pragmatic, involving dialogue with recipient countries and the multilateral institutions for development, said there was little room for the EC to make further trade concessions in the new Lomé accord being negotiated with 86 African, Pacific and Caribbean countries, so the talks were likely to focus heavily on aid.

One new feature could be the provision of quick-disbursing aid funds in support of structural adjustment, he said, but he denied that this simply meant lining up the EC behind the IMF and World Bank.

Gencor

General Mining Union Corporation Limited

Financial Results for 1988

Highlights

Table with 4 columns: Metric, 1988 (audited), 1987 (pro-forma), and % Change. Rows include Earnings, Per capita unit, Dividends, and Total assets.

- Real growth achieved in earnings
Exceptional increases in Malbak and Samancor contributions
Sappi acquires major strategic interests
Significant extension of energy activities
Oryx listed and underway
Increased exploration commitment

Earnings

Table with 3 columns: Eight months to 31 August, 1988 (audited) R million, and 1987 (pro-forma) R million. Rows include Gold, Platinum, Coal, Metals and minerals, Total mining, Sappi, Malbak and associates, Genbel and investments, Corporate, Net finance costs, Exploration, and Attributable earnings.

To facilitate meaningful analysis the results for the period under review have been compared to the same eight month period last year.

Mining
Our mining businesses continued to provide a solid base to Gencor's earnings in spite of a decline in their combined relative contribution. The performances of the individual businesses varied considerably.

Sappi
Sappi bought Saiccor and its contribution, which covers only the six months to June in both periods, increased in spite of the Ngodwana mill explosion and planned shutdowns in June. The effects of the Saiccor/Usutu transaction are not included.

Malbak and associates

An excellent performance on the part of management resulted in more than a doubling of earnings from Malbak and its associated industrial interests.

Genbel and investments

Increased surpluses realised as a result of investment transactions were the main reason for the large increase in the earnings contribution from this source.

Energy

During the period under review Gencor significantly extended its activities in energy-related projects. As a result a new Energy division was created with responsibilities for the Mossagas project, worldwide oil and gas exploration and the Torbanite project.

Exploration

The commitment to increased exploration was demonstrated by a substantial rise in exploration expenditure. Activities were focussed largely on the exploration for gold and platinum group metals and participation in the exploration for oil and gas.

Future outlook

Most of our businesses are budgeting for real growth in the year ahead and consequently the earnings of Gencor itself are expected to show another real increase.

Dividends and interest

The following final dividends and interest payment were declared on 14 November 1988.

Table with 2 columns: Dividend/Interest type and amount. Rows include Ordinary shares (180 cents per share), 8.5% variable convertible preference shares (65.25 cents per share), and 12.5% convertible debentures (56.25 cents per debenture).

Annual report and chairman's review will be published on 30 November 1988.

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14 November 1988

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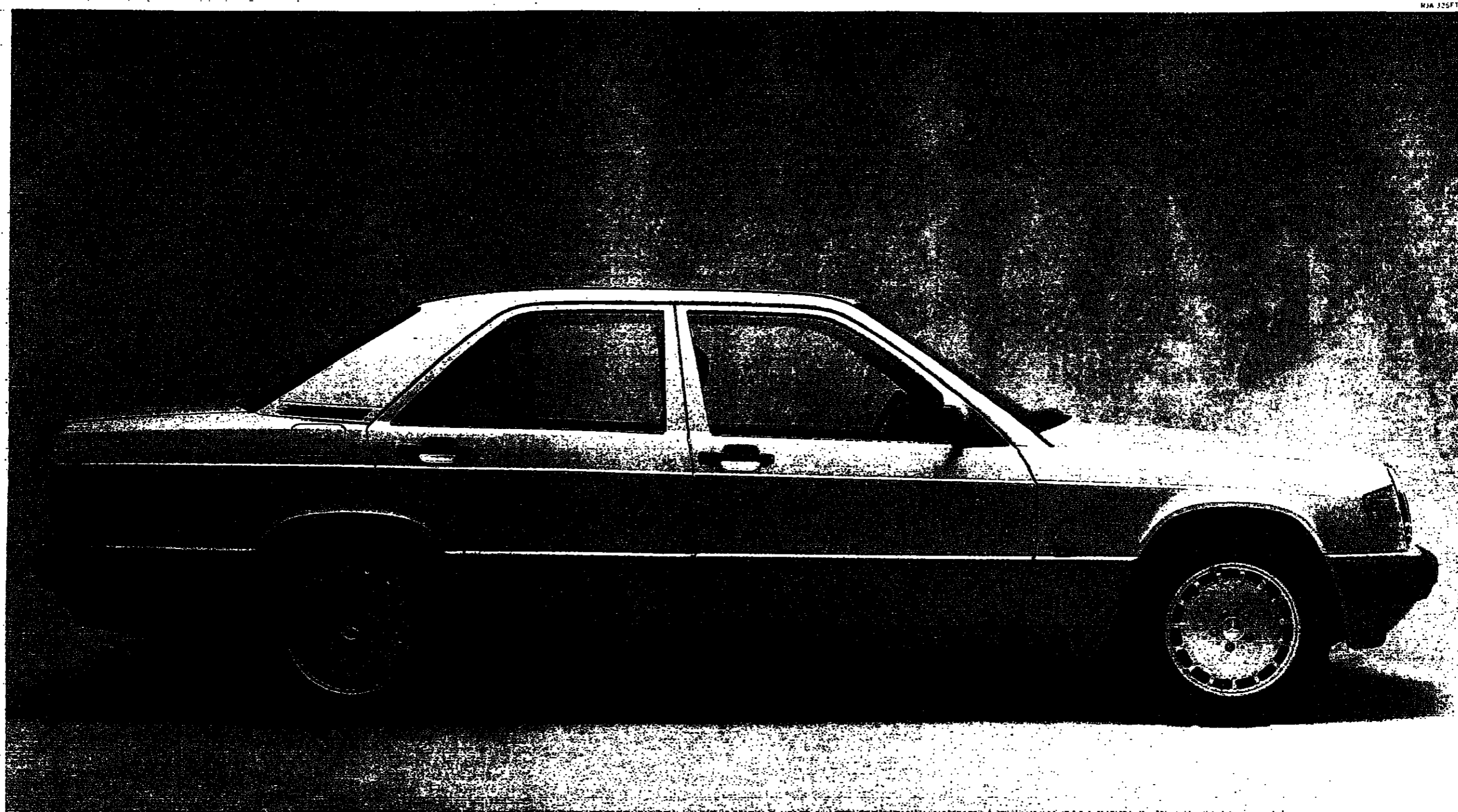
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To appreciate the development of the 190 series for 1989 you need to examine it closely - each of the modifications, however subtle,

is painstakingly designed to achieve a noticeable benefit.

The rear seats also have the softer top cushion, plus emphasised contouring and recesses for rear seat belt buckles. Careful redesigning has created more leg room for the rear seat passengers.

Take another look at the 190 series.

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The new front and rear aprons and bumpers improve the aerodynamics, providing better anti-lift properties (and increased impact absorption).

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Totally new seats combine soft velour and a new patterned fabric.

The front seats now have wider side supports, an increased lumbar support and softer top cushions for greater comfort. The driver's seat can now be adjusted for height and angle as well as legroom.

Mercedes-Benz have.

None of the traditional Mercedes-Benz values have been compromised in the development of the new 190 series.

The passenger safety cell, with crumple zones back and front, is as before.

The superb "big car" ride and quietness is still there.

The tireless 2 litre, 4 cylinder and 2.6 litre, 6 cylinder engines are unchanged. Just the engine of the 190E, 16-valve is enlarged from 2.3 to 2.5 litre capacity.

Mercedes-Benz have looked into every possible development for the 190 series, now it's time for you to see what the changes mean to you.



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WORLD TRADE NEWS

Rolls-Royce set to join Spanish defence venture

By David White, Defence Correspondent
ROLLS-ROYCE, the UK aero-engine group, is expected to participate in a new Spanish venture geared to international military aircraft projects.

EC to resist pressure for quick deal in Gatt talks

By William Dufforce in Geneva
THE EUROPEAN Community will not be pressed into stitching up a rapid deal at the trade ministers' meeting in Montreal next month that does not pay due regard to the widely ranging interests of other countries.

Akzo aims to create a market revolution

Laura Raun reports on hopes for aramid after the end of a patent war

ARAMID fibre is five times stronger than steel yet it is lighter, more supple and fireproof. Akzo of the Netherlands, among others, hopes this versatility and affordable price will allow aramid to revolutionise industry in the 1990s.

and money - into aramid. "Aramid has the widest range of applications and versatility for the price among high-performance fibres," Mr W.H. Hupje, general manager of industrial fibres for Akzo, explained.



The many guises of aramid fibre

Worldwide production of aramid fibres is running between 16,000 and 17,000 tonnes a year, which Du Pont swears out the lion's share - around 13,500 tonnes.

By then the Arnhem-based company will have entered the US market, where it was banned in 1968 under a US International Trade Commission ruling resulting from the patent dispute.

Until 1990 Du Pont will have a virtual monopoly on the US market under the terms of the secret out-of-court settlement with Akzo.

On its home turf of Europe, which accounts for one-quarter of world consumption, Akzo is doing well. It claims around half of the market and will undoubtedly fight to keep that ground despite an onslaught from Du Pont.

Perhaps the most dynamic market is the East, where both Akzo and Du Pont have gained a foothold. Akzo has set up a joint venture with Japan's Sumitomo Chemical and Du Pont with Toray.

Japan now accounts for only 6 per cent of world demand, but this share is expanding by 20 per cent a year. If Japan should enter the aerospace race, as many expect, that pace could continue for some time.

Airbus wins order

By Michael Donne, Aerospace Correspondent
AIRBUS Industrie, the European aircraft manufacturing consortium in which British Aerospace has a 20 per cent stake, has won a £1.16bn (\$2bn) order from the US leasing company, International Lease Finance Corporation (ILFC).

Seoul cuts tariffs

IMPORT TARIFF rates on 109 items, including cars and whistles, will be cut by an average of 6.4 per cent, the South Korea Finance Ministry said yesterday, AP reports from Seoul.

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THE VOICE OF SOUTH AFRICAN BUSINESS
Massive Botswana project reflects SA's role in Southern Africa
Michael Sander, Managing Director of AECI talks to John Spira, Finance Editor of the Johannesburg Sunday Star.



MICHAEL SANDER

put to the test, systems would not be implemented. Recognising this, we want to ensure the best possible quality of work life for our people.

Each person is unique. Whatever the difference in attributes and abilities, we believe that every individual has the right to equal respect and equal status in the eyes of the law.

Spira: How does your approach to collective bargaining dovetail with these principles?
Sander: We recognise the rights of the individual to contribute to the decision-making process but uphold the necessity for final decisions to be made by those best qualified to do so.

Spira: Do you envisage a future situation in which the tightening of the sanctions net militates against AECI in particular and the country in general achieving the goals you have outlined?
Sander: There can be no doubt that sanctions militate very strongly against the economic progress so desperately needed for the upliftment of South Africans.

Spira: Do you have a clear and unequivocal statement that outlines the principles to which you refer and are all your employees aware of your commitment to these principles?
Sander: Yes indeed. We have instituted a programme - we call it "Towards 2002" - which we have distributed throughout the group in the form of printed and audio-visual material.

Spira: Another major future venture will surely be the production of synthetic fuels. Is this still a long way off?
Sander: It's been deferred because the country's resources cannot accommodate such a project at the same time as the Mossel Bay oil-from-gas venture (Moesgas) currently on the go off the western Cape.

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THE VOICE OF SOUTH AFRICAN BUSINESS
Massive Botswana project reflects SA's role in Southern Africa
Michael Sander, Managing Director of AECI talks to John Spira, Finance Editor of the Johannesburg Sunday Star.
Spira: AECI has performed well in the past couple of years, per share earnings having risen by 21 per cent (on a turnover of R23.3 billion) in 1987 and by 15 per cent in the six months to June 1988.

UK NEWS

Retail sales rise of 1.9% dashes hope of slowdown

By Ralph Atkins and Maggie Urry

BRITISH retail sales jumped sharply last month, according to official figures yesterday, dashing hopes that high interest rates were leading to a steady deceleration in consumer spending.

Provisional Department of Trade and Industry figures showed retail sales volumes to have risen by 1.9 per cent in October after adjustment for normal seasonal variations. Volumes fell 0.8 per cent in September.

The rise far exceeded analysts' forecasts and prompted fears of another rise in base interest rates - although market reaction was muted.

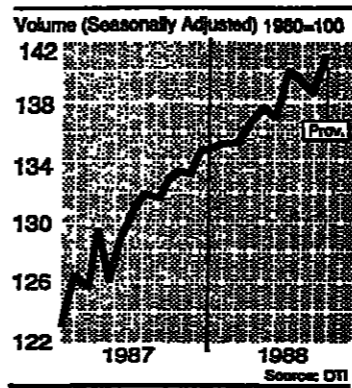
Other DTI figures showed that manufacturers continued last month to raise the prices of goods leaving the factory gates, rises which could feed through into higher prices. There was a fall, though, in the cost of fuel and raw materials bought by manufacturers.

Together the figures provoked fresh fears that the economy is still growing too fast and that the demand is leading to higher prices and a surge in imports. Figures for October's retail prices index, released on Friday, are expected to show inflation rising to well above 8 per cent.

The retail sales figures appeared to contradict anecdotal evidence from retailers and the latest Confederation of British Industry/Financial Times distributive trades survey. This showed retailers reporting a marked deceleration in sales volumes last month.

Both the DTI and the Treasury pointed out, however, that it was unwise to note trends from a single month's figures. They also said that longer-term figures could point to a slowdown.

Retail Sales



In the three months to October, sales volumes were 1 per cent higher than the previous three months. Comparable figures during the summer months showed rises of up to nearly 2 per cent.

Sales in the three months to October were 5 per cent higher than the corresponding period a year before.

The Treasury said that it would take time for interest rate rises to take full effect and it was not until October that the second rise in mortgage rates began to have an impact.

The output price rise in October almost certainly reflects increasing profit margins. Labour costs have remained relatively subdued, with rising earnings offset by higher productivity.

If the traditionally more volatile food, drink and tobacco prices are excluded, however, then the annual growth rate in

manufactured goods prices actually shows a rise between September and October.

Other figures yesterday show a 0.7 per cent fall in the cost of fuel and raw materials bought by manufacturing industry in October after adjustment for seasonal variations - the third consecutive monthly fall. The provisional index stood at 98.7 (1985=100) against 99.4 in September.

The retail sales figures came as a surprise to retailers, many of which have already said that October was a dull month, especially for clothing sales.

The Retail Consortium, the trade body which represents retailers, said it was "a little perplexed by the figures", which did not match its members' informal reports of muted sales.

Mr Michael Julien, chief executive of Storehouse, the BHS, Mothercare and Habitat group, said that the retailing climate had worsened since the group's half-year end in mid-September.

Warm weather has deterred buyers of winter clothes, and a number of fashion retailers are already holding "mid-season sales." Retailers have also said that Christmas trading is starting late.

Mr John Richards, retail analyst at County NatWest Wood Mac, the broker, suggested that the 1.9 per cent rise in volume in October might stem from price-cutting - a thought which brings no comfort to the shops.

Weekly sales figures from the John Lewis Partnership show increases in three of the four weeks in October running below its budget of 9.9 per cent during the current half year.

But the first week in November saw John Lewis' sales up 15.3 per cent.

New party to fight European elections

By Michael Cassell, Political Correspondent

WHAT IS claimed to be the first cross-European political party, adopting an identical manifesto throughout the Community to fight next year's Euro-elections, was launched yesterday at Westminster.

The Initiative for a European Democracy (IDE) claims that it is not linked to any national or European parties or institutions within the EC and will stand on the basis that Europe can regain its pre-eminence only through total unity.

A spokesman said: "As IDE aims at structural change, it is outside the traditional left-right-centre political spectrum."

IDE is neither left-wing, right wing nor central.

The new party's main aim is to bring about structural changes within Europe, transferring power from national to European level.

The spokesman said the strategy required an increase in the competence of the European parliament and in the establishment of regional parliaments.

He added: "The 1992 single-market proposals will create an economic Europe, but IDE aims at promoting a democratic political Europe."

The party, which claims it will put forward candidates throughout the Community, aims initially to achieve 5 per cent of the vote, basing its appeal on the case for economic, defence and foreign policies to be transferred to European, rather than national, levels.

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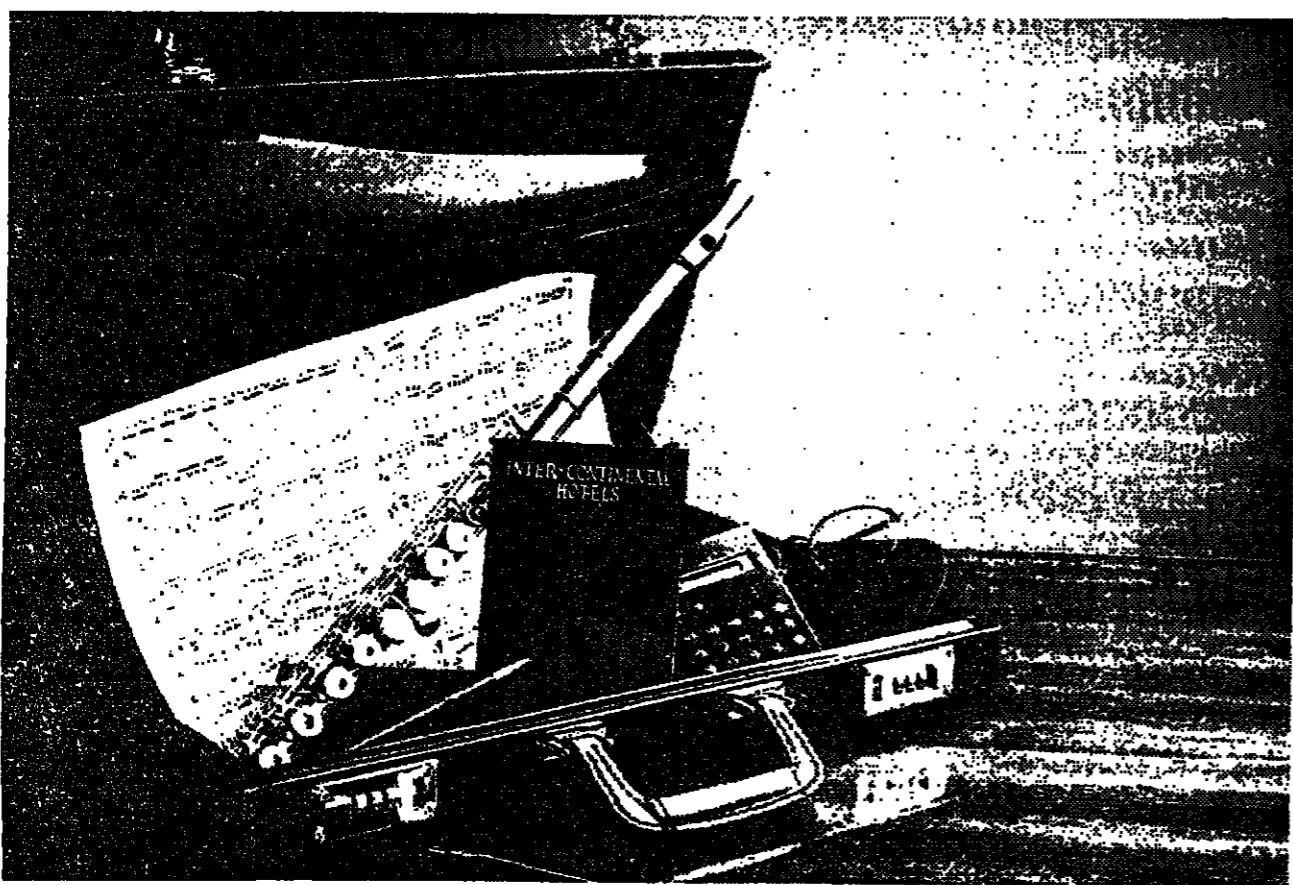
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NatWest orders terminals from BT

By Terry Dodsworth, Industrial Editor

BRITISH TELECOM is to provide 16,000 computer terminals for the National Westminster Bank's nationwide local branch network in a deal which marks a further diversification by the company into the computer systems market.

The order, for an undisclosed sum, follows the formation of BT's Major Customer Projects division and is intended to bid for broadly based information technology projects with the group's larger customers.

This is the first time that division has won a large contract in the terminal field. Mr David Hine, project manager, said yesterday that the NatWest deal was expected to provide the base for other contracts in the same field.

The terminals were being fitted to a networking system designed by RCA of the US, and widely installed in a number of industrial and financial companies. This would give BT the opportunity to sell its expertise elsewhere, including North America, he said.

BT's role in the NatWest contract was as a designer and installer of the equipment.

The basic components of the terminal are being imported from Wyse of the US, one of the world's largest independent terminal manufacturers, while other key components are being produced in the UK to BT designs. These parts are brought together and assembled by a distributor of Wyse products in North London.

According to Mr Hine, about 80 per cent of the contents of the final product will be produced in the UK, while all the software and systems integration expertise is being provided by BT.

Bank extends broking arm

By David Barchard

BROWN SHIPLEY, the London merchant bank, is to open stockbroking branches in Bexhill, East Sussex, and Newcastle upon Tyne.

The network will concentrate on research, portfolio management, electronic communications, and dealing facilities.

Central Finance Co. Ltd.

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Housing plan for Le Touquet

By Andrew Taylor, Construction Correspondent

DECLAN KELLY and Brent Walker, two British developers, announced plans yesterday for a £50m housing development at Le Touquet in northern France which is designed to take advantage of the Channel tunnel.

About 60 per cent of the 1,000 homes are expected to be sold to Britons wanting second or retirement homes.

Mr Declan Kelly, chairman of the French firm, said the homes, which will vary from one-bedroom apartments to five-bedroom luxury homes, would fetch between £40,000 and £200,000 if sold today. This was between two-thirds and half the price of similar homes currently being sold on the south coast of England.

Mr Kelly said that it was the first British development in northern France aimed at the Channel tunnel market - although Declan Kelly and other British groups, including Wimpey, Higgs & Hill and McCar-

thy & Stone, had housing developments elsewhere in France.

Mr George Walker, the former boxer who is chairman and chief executive of Brent Walker, said Le Touquet, a picturesque French coastal resort, would be within two hours of London, Paris and Brussels when the tunnel was completed in 1993.

He said English, Dutch, West German and French financial institutions had offered to open offices at Le Touquet to provide mortgage finance to potential buyers. Purchasers were expected to come mainly from Britain, France and Belgium.

The houses and apartments will be built on part of a 1,500-acre (600 hectare) site bought two years ago by Brent Walker for £4.8m from the Bell family, which founded Bellway, the British housebuilder.

The purchase was made just a few months before the Chun-

nel project won official approval.

The site includes a hotel, two 18-hole championship golf courses, which have staged both the French and European open championships, and a casino. Brent Walker intends separately to build another 120-bedroom hotel and another 18 hole golf course. Membership of the golf courses will be offered to purchasers of the new homes.

Declan Kelly will pay for the construction of the homes and for necessary infrastructure, including roads. It will pay Brent Walker a minimum of £10m when the houses are sold. Brent Walker will also take a share of the profits after deducting agreed costs. The scheme which has received outline planning permission is expected to take about seven years to complete. The developers expect to start marketing the homes in the new year.

Bellway plc

National Housebuilders

KEY ACHIEVEMENTS

- TURNOVER £102 MILLION
- PRE-TAX PROFIT £14 MILLION - UP 80%
- EARNINGS PER SHARE - UP 68%
- DIVIDEND - UP 25%

YEAR ENDED 31st JULY	1988	1987
Turnover	£102.5m	£84.3m
Profit before tax	£14.0m	£7.8m
Earnings per share	35.1p	20.8p
Dividend per share	10p	8p

Extract from chairman's statement:

"We continue to be very confident for the future based upon the wide geographical spread of our activities, the range and appeal of our products and the broadening of the Group's base. The current sales position is well ahead of last year, particularly in the North where margins are improving."

Kenneth Bell

To receive a copy of the 1988 Annual Report please contact:
The Company Secretary, Bellway plc, Horsley House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LU. Telephone: 091 285 0121.

UK NEWS

A fatal recipe for good heart care

Kieran Cooke explains why Ulster has a lead in cardiac treatment

TAKE one, or perhaps two eggs. Take at least two substantial slices of bacon, two sausages and tomatoes. Then cut a couple of slices of black pudding. Add white pudding, a sort of Irish version of haggis. Then add soda bread, in Northern Ireland called fairs and potato bread (fadge). Optional extras would be mushrooms and for good measure some wheaten grout. Fry and consume with gusto.

The "Ulster fry", pride of Northern Ireland cuisine, was once referred to as the most deadly meal since the days of the Scorgias' mammoth feasts, a heart attack on a plate still eaten regularly.

Northern Ireland has the highest incidence of coronary heart disease in the world. Death rates from coronary heart disease in the province are 283 for every 100,000 people per year, according to the World Health Organisation.

Death rates in the UK as a whole are very high: Scotland closely follows Northern Ireland in the heart attack table while in England and Wales there are 243 deaths per 100,000. This compares with 230 in the US, 79 in Spain and 45 in Japan.

Doctors do not place all the blame on the Ulster Fry. Rather they see a combination of factors as being responsible for heart disease. These include family history, smoking and general life style patterns. But the Northern Ireland diet, rich in fats and dairy products, is an important contribution to the province's top of the league status.

"People here have a very conservative, traditional approach to eating," says Dr Alan Evans, a heart specialist at the Royal Victoria Hospital in Belfast and head of the

Northern Ireland section of a 10-year World Health Organisation project monitoring heart disease around the world.

"The US and Finland, countries where the incidence of heart disease has been high, have brought their figures down considerably through changes of diet and life style. Unfortunately that has not been the case in Northern Ireland."

Cholesterol levels are so high in Northern Ireland that nearly 80 per cent of adults in the province are estimated to be above the international WHO standard for cholesterol levels.

Dr Evans says that powerful vested interests in the food industry are frequently responsible for misleading the public. A province-wide Change of Heart campaign has been launched to increase health awareness. Seminars on diet and general health promotion are being held in factories and offices.

Particular attention is focused on schools where preliminary studies have shown that coronary risk factors are present in children.

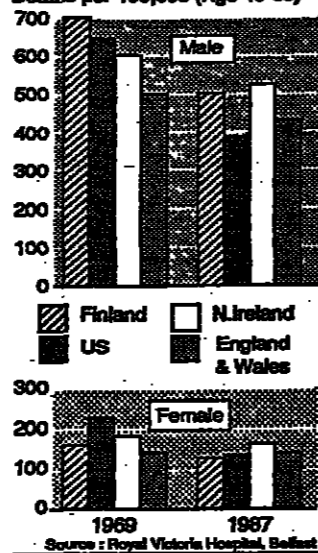
Dr Maurice Savage of Queen's University of Belfast says: "A study of 100 children in one school showed that 50 per cent of pupils had cholesterol levels higher than they should and that 10 per cent of 12 year olds smoked."

A comprehensive survey testing coronary risk factors, physical activity and children's diet starts early next year, the first of its kind to be carried out in Europe.

There is a positive side to Northern Ireland's alarming heart disease statistics. The violence of the last 20 years in Northern Ireland has resulted in hospitals in the province inventing new techniques in surgery and medical care. IRA

Heart disease

Deaths per 100,000 (Age 40-69)



Source: Royal Victoria Hospital, Belfast

"punishment" kneecappings, where the victim is shot through the knees, have had to be dealt with so often that Northern Ireland now leads the world in such areas of surgery. Hospitals such as the Royal Victoria are among the leaders in Europe for cardiac facilities. Northern Ireland has also been a leader in developing specially equipped "cardiac ambulances" which have already proved to be an important life-saving service.

Dr Jennifer Adgey, a cardiologist at the Royal Victoria, has recently completed a series of tests on equipment which she describes as an amazing step forward in the speed and availability of cardiac care. Medphone, a company in New Jersey in the US, has developed a portable defibrillator, fitted into an attache size case,

used to administer life-saving shocks to the heart.

When the case is opened and a phone plugged in, the system automatically dials a hospital base station. Screens at the hospital are able to analyse the patient's electro cardiograph, transmitted from pads on the chest down the phone line. A hospital operator is then able to send a message back down the phone line to the defibrillator which will then administer the necessary shock.

Part of the Medphone equipment is manufactured in Bangor, Northern Ireland, by Marquette NI, and the first European tests have been successfully carried out in the province. "We calculate that a person can receive treatment in less than a minute with this device," says Dr Adgey. "We will also be doing tests on cellular versions of the same system which will mean that to have treatment the patient does not even have to be near a telephone junction box."

"The possibilities are endless. Instead of taking the patient to the hospital we will in future be taking the hospital to the patient."

Marquette NI has rapidly become one of the world leaders in specialised heart equipment. It is now making a battery powered defibrillator for use by ambulance crews and paramedics. Many UK ambulances already have the new equipment installed and there are increasing sales in Europe.

It is no coincidence that Northern Ireland has rapidly become a world leader in cardiac care. The Ulster Fry and other factors give it the doubtful distinction of being the heart attack capital of the world. Northern Ireland has, ironically, also become one of the safest places in the world to have such an attack.

Daewoo investment raises job hopes

By Our Belfast Correspondent

A DECISION by Daewoo, the South Korean industrial and electronics group, to open a \$15m plant manufacturing video recorders in Ulster, has helped partly to offset the damage caused by the closure of several international companies in the County Antrim area in the last 10 years.

Courtaulds, ICI, British Enkalon, Michelin and Car-

teras have all closed factories in the Antrim area resulting in thousands of redundancies.

Antrim residents are hoping that Daewoo's investment will provide work for many people who lost their jobs when the international companies pulled out.

Daewoo's investment in the province is a success for the

Industrial Development Board's campaign to attract investment from East Asia.

Economic development officials are hoping that Daewoo's decision will persuade other Asian companies to consider Ulster as an industrial location.

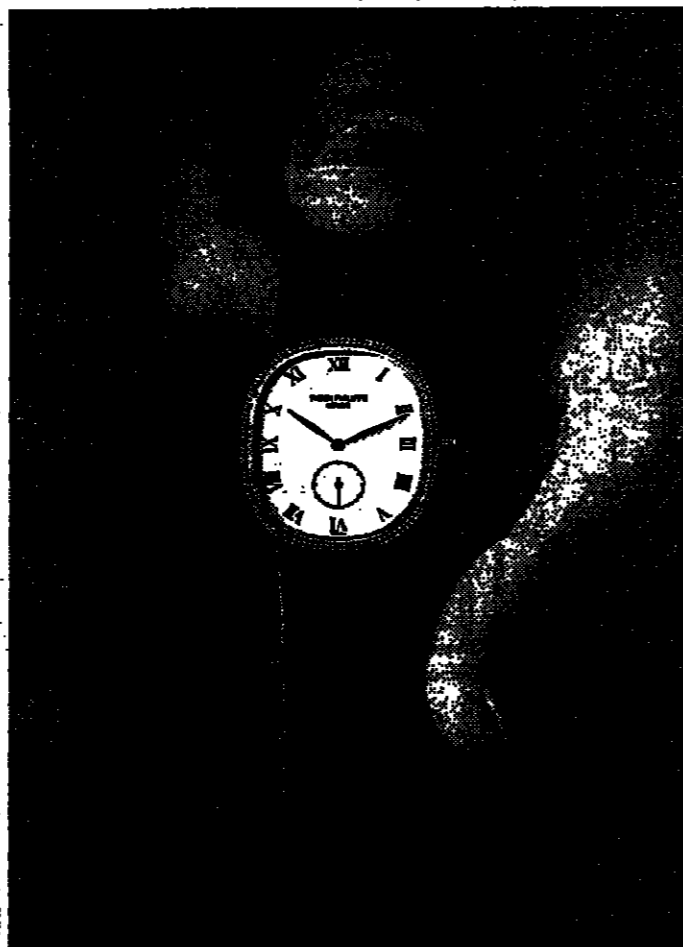
As well as the 500 direct jobs on Daewoo's 12-acre site, the investment will also provide

opportunities for many Northern Ireland companies in the supply industry.

Mr Tom King, Northern Ireland Secretary, said yesterday that Daewoo's decision was the best news about overseas investment in Northern Ireland for years and showed how positively major international corporations viewed the Ulster business opportunity.

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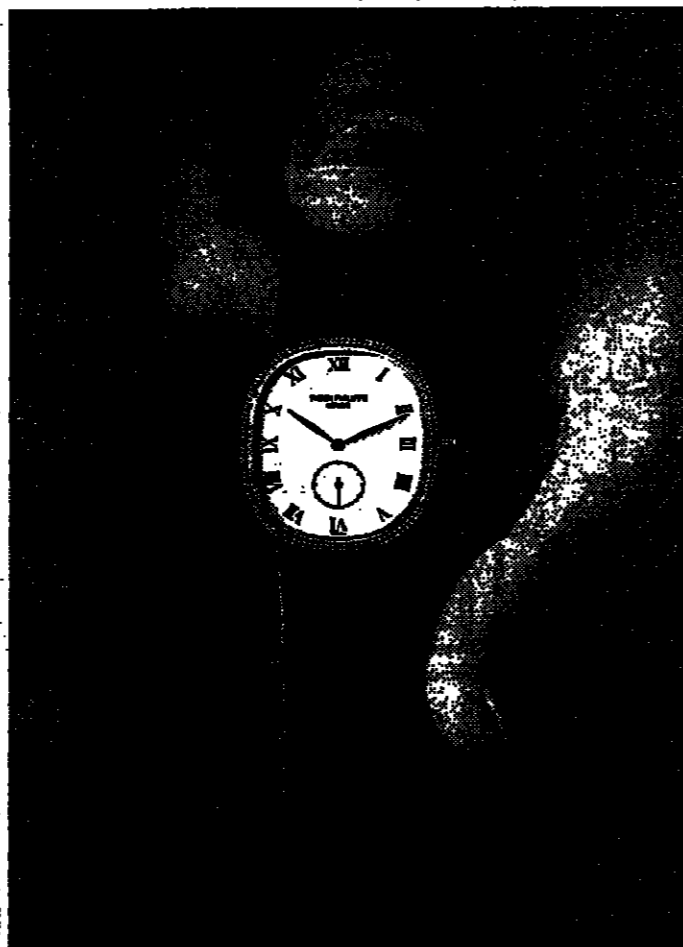
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Bayerische Landesbank Girozentrale

NOTICE OF MEETINGS

of the holders of the below-mentioned Notes

Japanese Yen 10,000,000,000 5 7/8 per cent Notes due 1991
Japanese Yen 10,000,000,000 6 1/2 per cent Notes due 1992

NOTICE IS HEREBY GIVEN that Meetings of the holders of the "1991 Noteholders" of the Japanese Yen 10,000,000,000 5 7/8 per cent Notes due 1991 of Bayerische Landesbank Girozentrale (the "1991 Notes") and of the holders of the "1992 Noteholders" of the Japanese Yen 10,000,000,000 6 1/2 per cent Notes due 1992 of Bayerische Landesbank Girozentrale (the "1992 Notes") will be held at 10.30 a.m. (London time) and 11.30 a.m. (London time) respectively on 7th December, 1988 at the offices of the London Branch of Bayerische Landesbank Girozentrale, 43 King Street, London EC2V 6DE for the purpose of considering and, if thought fit, passing the following Resolutions in respect of each series of Notes which will be proposed as an Extraordinary Resolution for each series (in accordance with the provisions of the Fiscal Agency Agreement dated 23rd April, 1988, made between Bayerische Landesbank Girozentrale (the "Bank") and Kredietbank S.A. Luxembourg (the "Fiscal Agent") and other holders of the 1991 Notes, and the Fiscal Agency Agreement dated 7th October, 1988, between the Bank and Banque Paribas Luxembourg S.A. as Fiscal Agent and other holders of the 1992 Notes (each "Fiscal Agency Agreement")):

The Resolutions, if passed, will modify, inter alia, the Terms and Conditions of each of the 1991 Notes and the 1992 Notes (the "Conditions") by the insertion of an additional condition for each issue pursuant to which the Bank may, from time to time, without the consent of the relevant Noteholders or the holders of the coupons appearing thereon (the "Couponholders") and the "Coupons", respectively, effect the substitution of a body corporate incorporated or established outside the Federal Republic of Germany as debtor under the Notes and Coupons and the discharge of the Bank from its obligations and liabilities under the Notes and Coupons, subject to the payment of principal, interest and other amounts in respect of the Notes either (a) being unconditionally and irrevocably guaranteed by the Bank in the terms to be required by the relevant Fiscal Agency Agreement or (b) secured by a charge upon, or an assignment of, a deposit with a branch of the Bank of an amount not being less than the aggregate principal amount of the Notes of the relevant series outstanding (as defined in the relevant Fiscal Agency Agreement) to a trustee for the relevant Noteholders in the terms to be required by the relevant Fiscal Agency Agreement in each case on terms that the Conditions (including such additional Conditions) will, subject as to be provided in the relevant Fiscal Agency Agreement, thereupon apply to the substituted debtor as if references to "Bank" therein were to such debtor and as if references to the Federal Republic of Germany therein were to the country in which such debtor is incorporated or established and so that at any time the Bank could, without the consent of the Noteholders or the Couponholders of the relevant series effect such substitution of itself without any guarantee or any security for the payment of the principal or interest on, or any additional amounts required to be paid pursuant to the Conditions of, the relevant Notes.

Noteholders of each series should note, in particular, that, in connection with any substitution effected pursuant to the modified Conditions, the Bank will not be required to have regard to the consequences of such substitution for individual Noteholders or Couponholders of that series resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder will be entitled to claim from the Bank or the substituted debtor any indemnification or payment in respect of any tax or other consequence arising from such substitution.

Full details of the background to, and the reasons for, the proposed modifications and the Extraordinary Resolutions are contained in an Explanatory Statement prepared by the Bank dated 15th November, 1988, copies of which are available for collection by Noteholders at the specified offices of the Agents for the Notes specified below. The Explanatory Statement contains (a) the terms of the Conditions as they will be if the Extraordinary Resolution is passed and (2) the form of the Deed of Guarantee by the Bank or of the charge or assignment of a deposit with a branch of the Bank in, or substantially in, the form in which it will be executed in connection with any substitution of debtor effected in accordance with the Conditions as so modified (and having attached Conditions in, or substantially in, the form which would apply following any such substitution).

The Resolutions which will be proposed separately at the Meeting for the relevant series of Notes are as follows:

5 7/8 % NOTES DUE 1991 EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the Japanese Yen 10,000,000,000 5 7/8 per cent Notes due 1991 (the "Notes") of Bayerische Landesbank Girozentrale (the "Bank") issued under a Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated 23rd April, 1988, made between the Bank and Kredietbank S.A. Luxembourg (as Fiscal Agent (the "Fiscal Agent") and other holders (as amended) hereby:

- (1) assents to the modification of the Terms and Conditions of the Notes (as printed on the reverse thereof and in Schedule 1 to the Fiscal Agency Agreement) proposed in paragraph (b) of the Explanatory Statement issued by the Bank and dated 15th November, 1988, a copy of which has been produced to this Meeting and initiated by the Chairman hereof for the purpose of identification;
- (2) sanctions every modification, abrogation, variation, compromise of, or arrangement in respect of, the rights of the Noteholders and the holders of the Coupons appearing thereon (the "Coupons"), respectively, or resulting from, the modification referred to in paragraph (1) of this Resolution or any substitution of debtor made pursuant to, and in accordance with, the Terms and Conditions of the Notes as so modified; and
- (3) authorises the execution of a Supplemental Fiscal Agency Agreement in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman hereof to give effect to the modification referred to in paragraph (1) of this Resolution."

The attention of Noteholders of each series is particularly drawn to the quorum required for the Meeting for the relevant series and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below which applies separately to the Meeting for each series of Notes.

Copies of the Fiscal Agency Agreement for each issue of Notes (including the currently applicable Conditions) and of certain other relevant documents are available for inspection by Noteholders at the specified offices of the Agents for the relevant Notes specified below.

VOTING AND QUORUM

1. A Noteholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note(s), or a valid voting certificate or valid voting certificate issued by an Agent (relative to the Note(s)), in respect of which he wishes to vote.

2. A Noteholder not wishing to attend and vote at the Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a written instruction (or instructions) obtainable from the specified office of any of the Agents specified below (including an Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions).

Notes may be deposited until the time being 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such Meeting) but not thereafter with any Agent or (to the satisfaction of the Fiscal Agent) held to the Fiscal Agent's order or under his control by Bank-clear or CECS, S.A. for the purpose of obtaining voting certificates or giving voting instructions in respect of the relevant Meeting. Notes so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned Meeting) or upon surrender of the voting certificate(s) or, being not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction certificate(s) issued in respect thereof.

3. The quorum required at the Meeting is two or more persons present holding Notes or voting certificates or being a proxy or proxies and holding or representing in the aggregate not less than a clear majority of the principal amount of the Notes for the time being outstanding, if within half an hour from the time appointed for the Meeting, the Meeting will be adjourned and the Extraordinary Resolution will be considered at an adjourned Meeting (notice of which will be given to the Noteholders). The quorum required to consider the Extraordinary Resolution at such an adjourned Meeting will be two or more persons present in person holding one or more Notes or voting certificates or being a proxy or proxies wherever the principal amount of the Notes so held or represented by them.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll, if passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether or not present at such Meeting and whether or not voting, and upon all Couponholders.

AVAILABILITY OF DOCUMENTS

Copies of the Fiscal Agency Agreements for each series of Notes may be inspected, and copies of the Explanatory Statement, voting certificates and other documents referred to above may be obtained by Noteholders from the specified office of any of the Agents for the relevant series of Notes given below.

FOR THE JAPANESE YEN 10,000,000,000 5 7/8 PER CENT NOTES DUE 1991:

FISCAL AGENT AND PRINCIPAL PAYING AGENT
Kredietbank S.A. Luxembourg (as Fiscal Agent)
43 Boulevard Royal,
Luxembourg.

PAYING AGENTS
Bayerische Landesbank International S.A.,
7-9 Boulevard Royal,
Luxembourg.

Kredietbank NV
Arenbergstraat 7,
B-1000 Brussels.

S. G. Warburg & Co. Ltd.,
1 Finsbury Avenue,
London EC2M 2PA.

FOR THE JAPANESE YEN 10,000,000,000 6 1/2 PER CENT NOTES DUE 1992:

FISCAL AGENT AND PRINCIPAL PAYING AGENT
Banque Paribas (Luxembourg) S.A.,
10A Boulevard Royal,
Luxembourg.

PAYING AGENTS
The Tokyo-Mitsubishi Bank, Limited,
P.O. Building,
Leadenhall Street,
London EC3V 4RD.

Bayerische Landesbank International S.A.,
7-9 Boulevard Royal,
Luxembourg.

This Notice has been approved by an authorized person for the purposes of the Financial Services Act 1986.

UK NEWS

Banks urged to rethink Brazilian energy loans

By John Hunt, Environment Correspondent

SIR RICHARD BODY, a senior Conservative MP, yesterday called on Midland and Lloyds bank customers to switch their accounts unless the banks drop proposals to lend money for hydro-electric projects which environmentalists say are damaging the Brazilian rainforest.

Sir Richard, former chairman of the House of Commons select committee on agriculture, said that customers should ask the two banks to "mend their ways".

"If they can't respond to that, then I hope they will take further action by moving to other banks," he said.

He was chairing a press conference organised by Friends of the Earth and Survival International to protest against loans from the World Bank and commercial banks to Brazil's energy sector.

The conference was to launch a European tour by Chief Minister Paisank, a Kayapo Indian leader, representing 28 indigenous tribes from the Amazon region. He has come to Britain to appeal to the Gov-

ernment and British commercial banks to halt the financing of hydro-electric projects which he says are causing the destruction of the rainforest and the tribal homelands.

Friends of the Earth say that Brazil's power sector has received more than \$2bn in loans from the World Bank and the Inter American Development Bank since 1980. A further loan of \$600m is to be considered by the World Bank next month.

In addition commercial banks have become directly involved with \$750m of co-financing with the World Bank that will go direct to Brazil's electric power sector. This will proceed if the World Bank decides to lend the \$500m.

Sir Richard said that an all-party motion will be put down in the Commons calling on Midland and Lloyds banks to stop lending money for schemes that could destroy an area of rain forest the size of the UK and would displace 250,000 indigenous Indians.

Lloyds Bank said yesterday that it was lending "general sums" of money for infrastructure in Brazil, but the World Bank would decide with the Brazilian Government how it would be spent on specific projects.

Midland said: "We know the World Bank has strengthened its awareness of the environmental consequences of the projects it finances. As this is a World Bank project the commercial banks will participate only if the World Bank decides it will go ahead."

In Washington, a World Bank spokesman said the loans were a master plan for the environment in Brazil, including improving environmental control and protecting the Indians in Brazil. Eletrobras, the public power company in Brazil, was complying with a World Bank condition that it should implement a master plan for the environment.

It was employing 180 environmental experts. The bank was also discussing a specific loan to protect the environment throughout Brazil.

Independent newspaper to print in Frankfurt

By Haig Simonian

THE INDEPENDENT newspaper is set to become the next UK quality daily paper to print in Frankfurt, with a definitive contract due to be signed on Friday.

The Independent has quickly established itself in the UK since its launch two years ago. Its German print should start next March or April. The paper intends to produce some 20,000 copies a day in Frankfurt, which will then be distributed throughout continental Europe and the Far East. US sales will be supplied from London.

The decision to print in Frankfurt follows the decision by the Guardian to begin printing a 24-page international edition there in mid-September. Its print run has since increased from 16,200 to some 20,000 copies a night.

The precise timing for the start of The Independent's continental printing remains unclear, as some technical problems remain to be solved. In particular, the paper wants to use advanced facsimile transmission equipment in order to transmit pages more quickly.

The Independent intends to start with a 36-40 page edition, but aims at least to have the capacity in Frankfurt available to increase its size to up to 64 pages later, according to local sources.

As with The Guardian, both sales and distribution considerations appear to be behind the decision to print in continental Europe, a trend among UK papers started by the Financial Times, which started printing in Frankfurt in 1973.

Shimizu launches building robot

By Andrew Taylor, Construction Correspondent

SHIMIZU of Japan, the world's largest construction company, claims to have launched the first construction robot to be used on a British building site.

The radio-controlled power tool, used to give a smooth finish to concrete floors, showed its paces at a new headquarters building under construction for Leasing Homes near Milton Keynes.

Shimizu intends to market the robot in Britain, but has still to decide on a price. It is

likely to cost about £30,000. Japanese construction companies are the world leaders in developing robots for the industry. Other construction robots in the Shimizu stable include Mighty Jack, used to assemble steel beams, and a mobile spray robot used to paint exterior walls.

At least two other Japanese contractors, Kajima and Takemata, have also developed concrete finishing robots, but Shimizu says it is the first Japanese company to demonstrate one of its machines on a British building site.

Ohbayashi and Takemata are two other leading Japanese construction groups to have developed robots. The robot has nine trowels which revolve to produce a fine finish. It is driven by a petrol engine and incorporates sensors which will stop the engine if it collides with a person or obstacle. It is about 2m wide and under 1m high.

Costain group may buy Soviet gas for UK power

By Maurice Samuelson

A CONSORTIUM led by Costain, the UK engineering and minerals group, is considering importing Soviet gas to generate electricity in southern England.

The group, which also includes Combustion Engineering of the US and Northern Engineering Industries of the UK, has had informal talks with the Soviet gas authorities and with other potential gas suppliers in Norway and Belgium.

The gas would be used in a power station planned at Richborough in Kent - one of several recent proposals by private industry to meet electricity demand in southern England in the next decade.

The gas would be brought ashore in a pipeline to be built to a terminal in the Netherlands, the first such scheme to link the UK into the Soviet gas supply network.

Use of foreign gas is being considered because of the traditional reluctance of British Gas to sell supplies for continuous use in power stations.

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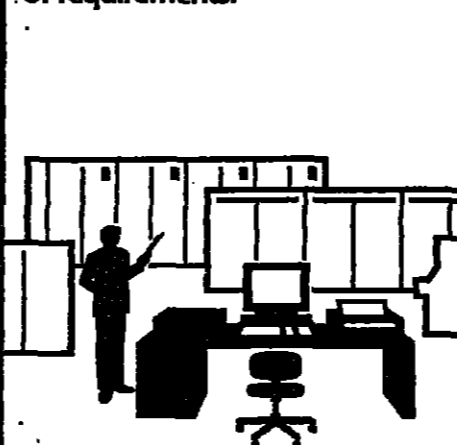
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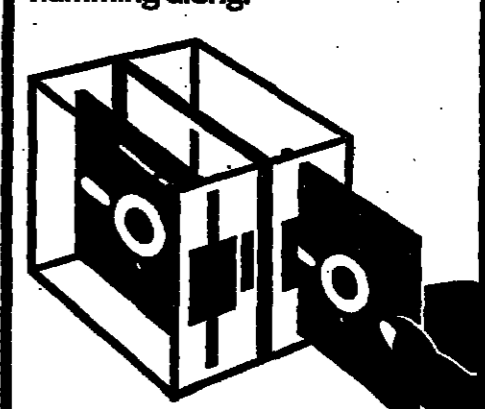
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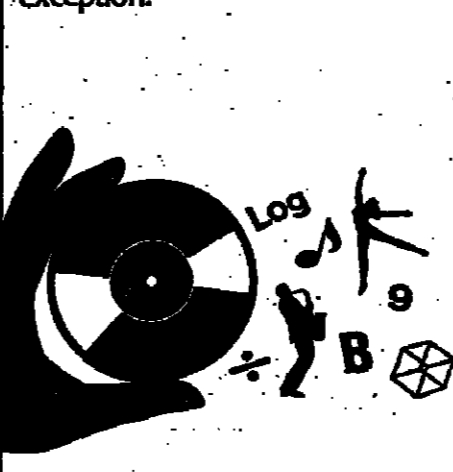
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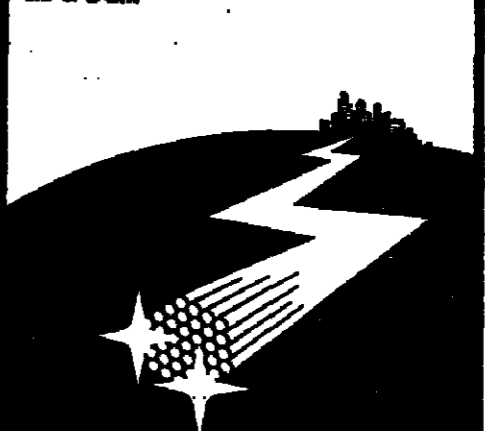
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UK NEWS

Television franchises may be target for newspapers

By Raymond Snoddy

THE GOVERNMENT has apparently left a loophole in its White Paper (policy document) on the future of broadcasting that could allow many national newspaper proprietors to own two ITV franchises each. Despite expressing an interest in preventing concentration of media ownership there is nothing specific in the document to bar national newspaper owners bidding for regional television licences as long as they are European Community companies and they do not own local newspapers in the franchise areas involved. The issue was highlighted by Mr Robert Maxwell, publisher of Mirror Group Newspapers on Sunday night in a Channel 4 television debate when he announced that he was going to make a bid for Central Independent Television - which is based in the East Midlands - when the auctioning process begins. Mr Maxwell has a 20 per cent

stake in Central, but the announcement came as a surprise to the company. Under Government proposals, 10-year licences for Channel 3, the renamed ITV, will go to the highest bidder after applicants have passed a "quality threshold." In reply to questions about Mr Maxwell's statement on the same programme, Mr Timothy Renton, the Home Office minister responsible for broadcasting, said: "Specifically the White Paper suggests that there should be a bar on national newspapers owning national franchises." Mr Renton added that if Mr Maxwell owned local newspapers in the Central franchise area he would only be able to own a 20 per cent stake. Mr Maxwell does not own any local newspapers in the Central area. The Home Office confirmed yesterday that there was no absolute barrier in the White

Paper to prevent national newspaper proprietors controlling regional television licences. It was, however, being emphasised last night that further consideration would be given to issues of media concentration and that other broadcasting interests of national newspapers, such as satellite television, could be taken into account by the new Independent Television Commission in making decisions. At the moment, however, national newspaper companies such as Mirror Group Newspapers, Associated (Daily Mail and Mail on Sunday) and United (Daily and Sunday Express and The Star) could apply for new franchises like any other company as long as there were no overlapping local titles. The same would apply to Pearson publishers of the Financial Times which already has a stake in Yorkshire Television.

North East Shipbuilders wins stay on decision over future

By Michael Cassell, Political Correspondent

THE GOVERNMENT has postponed until the end of November a final decision on the future of North East Shipbuilders at Sunderland, which employs over 2,000 people. The unexpected, last-minute reprieve was met with relief by local MPs, trade unions and the workers, who will now intensify their campaign to keep the yards open. The postponement follows the emergence in the last few days of three possible purchasers for the merchant shipbuilding business, which is for sale as part of the Government's plan to return the state-owned British Shipbuilders to private ownership. Mr Tony Newton, the trade and industry minister, told the House of Commons that,

although he wanted to retain a viable shipbuilding industry on the river Wear, he did not wish to raise any false hopes in delaying the final decision. It was right, however, to make one last effort to keep the business going. Mr Newton said that three "clear expressions of interest" had been made and that time was being given to establish whether or not any of them could provide a firm basis for negotiation. One of NESL's latest potential buyers represents overseas interests and another involves a number of individuals and organisations brought together by Mr Bob Clay, the opposition Labour MP for the Sunderland North constituency. Mr Newton also emphasised

that the extra time would enable prospective buyers to learn the outcome of current talks between NESL and Mambisa, the Cuban state shipping company, which could secure a £120m cargo vessel order. His announcement was welcomed by the Labour Party, although Mr Bryan Gould, the party's trade and industry spokesman, claimed that the future of British shipbuilding was "too important to be sacrificed on the altar of privatisation." Mr Newton countered by claiming that the Government's task had been to save the industry from "the disaster of nationalisation." The state-owned shipbuilding sector had cost the taxpayer £2bn since 1979, he said.

Archbishop intervenes in P&O dispute

By Jimmy Burns, Labour Staff

AN UNUSUAL sortie into industrial relations was launched yesterday by Dr Robert Runcie, the Archbishop of Canterbury, when he took personal interest in the long-running dispute between the National Union of Seamen and P&O European Ferries, the ferry operator. Dr Runcie held a meeting in Lambeth Palace with Sir Jeffrey Sterling, P&O chairman, at which the head of the Anglican Commission is believed to have expressed concern at the plight of more than 600 Dover-based seamen sacked by the company last February. The dismissals arose out of the workers' refusal to accept new working practices which they regarded as unsafe. Dr Runcie, whose Archdiocese includes the port of Dover,

is believed to have agreed to arrange the meeting after being approached privately by Mr Sam McCuskie, general secretary of the NUS, an oppositionist group. Mr McCuskie, a practising Catholic, says the sacked seamen deserve continuing support because they want on strike over an issue of public concern. Neither Lambeth Palace nor P&O would comment on the meeting yesterday, but it appears that any attempt by Dr Runcie to bring about a reconciliation between the company and the NUS, is likely to have been unsuccessful. Mr Graeme Dunlop, P&O European Ferries managing director, said last night that the company had ruled out providing the sacked seamen

with financial compensation similar to that paid out by Mr Rupert Murdoch to printers involved in the News International dispute. Some NUS officials have suggested such a move as a "face-saving" formula. Mr Dunlop, who ended recognition of the NUS on P&O's Dover-based cross channel operations last April, also ruled out resuming negotiations with the union. "As far as Dover is concerned there is nothing to talk about with the NUS," Mr Dunlop said. The company's 11 Dover-based ferries have resumed their cross-Channel operations with an 1,800 workforce drawn from former NUS members and non-union crews.

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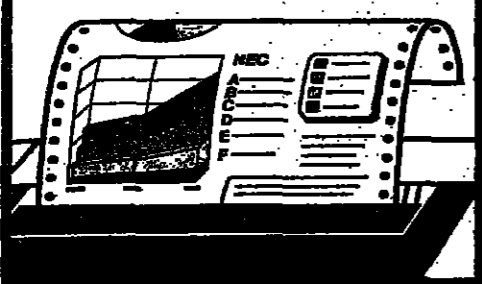
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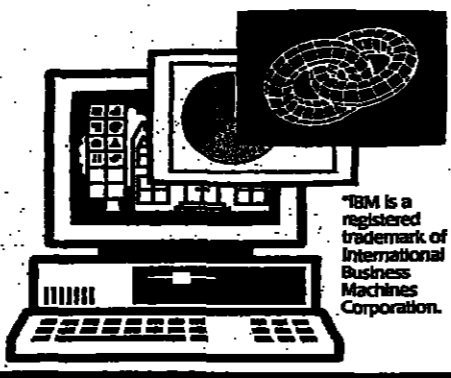
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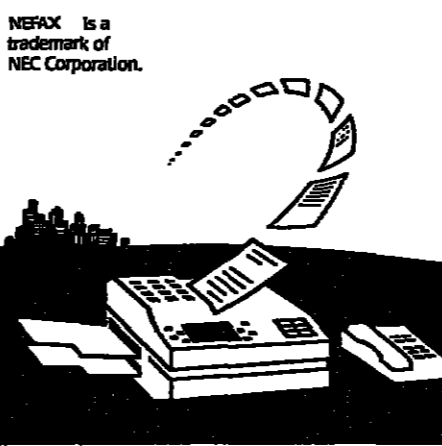
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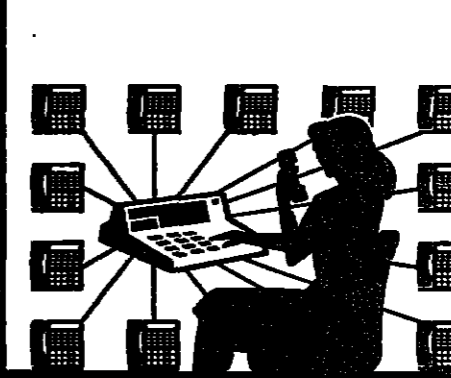
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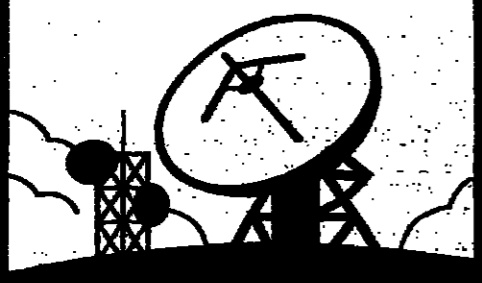
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TECHNOLOGY

The will for change in the Soviet Union might be great at the top, but the overthrow of entrenched habits is going to be a long, grinding process. The use and manufacture of factory production equipment is an example of how painful and slow that change in behaviour is likely to be.

Soviet factory managers are now seeking more sophisticated machine tools and more computer-controlled manufacturing systems. This is becoming obvious to machine exporters to that country. But the ability of the Soviet Union's indigenous machine tool industry to meet its own production and quality targets for the latest computer-controlled machines is still compromised by deep-seated inefficiencies.

Last year, the Soviet Union, the world's largest consumer of machine tools, imported \$1.6bn worth of them, a figure only exceeded by the US.

And it is going for more complex machinery. "The Soviet Union is undergoing a tremendous change. It is becoming very customer conscious," says Jost Prescher, head of the East German Government's export-import agency.

Because factory managers now have to purchase production equipment from their own profits, they are looking for better value for money. "Tailor-made solutions are becoming more prominent," he says.

East Germany and West Germany have for the past few years vied with each other to be the biggest exporter of cutting machines, presses and injection moulding equipment to the Soviet Union, which consumed \$5.3bn of metal-cutting machine tools in 1987. That was between \$1bn and \$1.5bn more than each of the next three countries in the consumption league (West Germany, the US and Japan) and five times more than the UK.

The Soviet Union's machine tool production industry had total sales last year of \$4bn; only West Germany and Japan were bigger. But it suffers from serious quality and production problems and has only limited access to advanced machine tools.

Despite these difficulties, Prescher says that the system whereby each Soviet industrial sector has its own dedicated machine tool factory supplying many of its machines - whatever the quality - is unlikely to break down.

He is careful to be diplomatic when talking about the Soviet market - not surprisingly as machine tools account for 12 per cent of East German

A higher spec for the Soviet machine

Nick Garnett reports on the response of exporters to tougher demands from the Soviet Union

exports to the Soviet Union.

The US publication, American Machinist, is more direct in its chronicling of the headaches experienced by the Soviet machine tool industry. It reports, for example, that for the first nine months of last year, production of metal-forming machines was running at only 87 per cent of planned output, one of the poorest performances among Soviet industrial sectors.

Mikhail Gorbachev, the Soviet leader, set up a super ministry for machine tools in 1986, but the American Machinist says, in its world machine tool study, that few signs of improvement in domestic production appear to be emerging.

Soviet business publications have carried a welter of complaints about the country's machine tool makers' failure to deliver new digital computer controlled equipment. More than 60 per cent of machine tool factories were failing to hit production targets.

One development that has made an impact is a new system of state quality control inspectors. The trouble is that they have been so assiduous, rejecting far more machines than before because of quality defects, that this has further slowed deliveries to factories.

The Soviet Union is by far the biggest market for the East German machine tool industry - much larger than its domestic one. Thirty per cent of machine tools imported into the Soviet Union come from East Germany. The question is: can this position be maintained as Soviet requirements become more demanding?

Already, the Soviets are more likely to import sophisticated machines from outside the Eastern bloc. Many West German machine tool makers say they are experiencing a big increase in Soviet inquiries for

more complex cutting machines with high-specification controls.

A few of them are questioning whether they can meet some of these requirements without breaching the rules on technology transfer to Eastern bloc countries set by the Paris-based Co-ordinating Committee for Multilateral Export Controls (Cocom).

Machine tool companies remember last year's punitive action taken by the US against Toshiba of Japan and the now-defunct Kongsberg Vasepnefabrik of Norway. This followed the supply of advanced milling machines, which dramatically improved propeller blade technology and hence the silent running of Soviet submarines.

Prescher remains confident about East Germany's prospects: last year the output of its machine tool industry, at \$1.5bn, ranked it seventh in the world, ahead of the UK and France. It was the world's fourth largest machine exporter.

"As far as commercial policy is concerned, we are no longer suppliers of bread and butter machines," he says. "Our technical policy is geared to our customers. We cannot help but do this. If you want to earn money you cannot compete with new supplier nations which have good standard machines. We are not prepared to go with prices where we cannot earn money."

Prescher claims that the country's machine tool product range is replaced every three and a half to four years and that it covers 35 per cent of the world's complete range.

Before the Second World War, a great deal of the German machine tool industry was based in what is now East Germany. Some companies fled west before the end of the war, but many remained. Although many of the factories now look



Jost Prescher, head of East Germany's export-import agency

grim, the legacy remains of a strong machine-tool tradition and quite a powerful infrastructure.

The industry, which employs 70,000 (including foundries), has its own Government minister. Its 42 machine tool factories are organised into four "Kombinats", called Erfurt (sheet-metal forming and injection moulding), Schmalkalden (bores, milling machines), Hecker (cutting machines for angular parts) and Seventh of October (grinding, gear cutting and other equipment for machine tool parts).

Each factory has only one or two product lines to help concentrate research and investment. The industry spends 5 to 6 per cent of sales on research and development.

There are also two factories making electronic controls, one part of Hecker making 8,000 numeric controls a year, according to Prescher, and another in Erfurt making more standard controls for presses and injection moulding machines.

East Germany also makes its own computer chips, and 70 per cent of its metal-cutting machines are fitted with computer numerical controls.

But the country shares one technological handicap with the rest of the Eastern bloc. This relates both to machine controls and to the host computers which link several cut-

Laser helps drive away vibration

AUSTIN Rover, the UK car maker, used a laser-based system called ESPI (electronic speckle pattern interferometry) to track down sources of vibration in the new Rover 800. The result, it is claimed, is a quieter car than the Legend, the Japanese-built version of the vehicle.

The system, in use at the company's Gaydon proving ground, near Banbury, is able to show how a body panel, for example, vibrates at various engine speeds. A picture of the amount of vibration at all the points on the surface is produced as a colour television image on a monitor.

The processed video signal is also turned into a paper print, in less than two minutes, by a Hitachi video printer. By using the "freeze frame" facility of the printer, a picture can be "grabbed" at whatever moment the engineers choose. This means that the effectiveness of a modification can be checked quickly. Previously, such work involved photography and film development.

Austin Rover's laser technique employs earlier work at Loughborough University. The whole test surface is illuminated with laser light. Such light is of a single colour (wavelength), whereas ordinary daylight contains many wavelengths.

The light can be thought of as a wave approaching the car panel, rather like a wave hitting the promenade at the seaside. The sea wave is reflected, but if the sea wall could be moved back and forth, the peaks and troughs of the reflected wave would be modified.

This "phase" modification in the light is detected on the television camera's picture sensor by comparing the reflection with an unmodified "reference" wave, which shines on the sensor. The comparison enables subsequent electronics to gauge the movement of the panel and produce corresponding areas of colour.

The problem with this is that the East German machine tool makers have to import these Western computers and hook them up to the FMS machines for design and testing before the system can be exported. Cocom, however, prevents the large-scale importation of these computers into East Germany.

Until these technological discrepancies are sorted out, the strength of East German exports of machine tools (50 to 70 per cent of production is exported) is likely to remain in supplying the rest of the Eastern bloc, rather than in improving the figure of between 10 and 15 per cent sold to the West.

Chemicals group

Vineyard owners in Germany are enthusiastic about hollow fibre filtration, a 15-year-old idea which has recently been made commercially viable by Romicon, a US subsidiary of the German company, St George's Vineyard in Sussex is the first English user.

The filter consists of a large number of hollow fibres made from polysulphone, an inert plastic. A proprietary manufacturing process produces a thin fibre wall that will pass fluid but block even the finest particles (down to one ten millionth of a metre).

Unclear fluid enters at one end of the fibres and, with appropriate pressure, small amounts are filtered through the large surface area presented by the many tube walls. Fluid with an increased concentration of solids leaves the fibres at the other end.

The product can be recirculated to generate a concentrate of the solids on one side and additional clear fluid on the other.

Other uses are being exploited in dairies, clear juice production, water purification and waste disposal.

Traditionally, vineyards have used settling out under gravity, or a centrifuge, to clear the unfermented juice.

The production of a clearer juice with hollow fibre technology gives slower fermentation and a better flavour, it is claimed.

In the UK, the system is available from Karl H. Johnson of Tenterden, Kent.



WORTH WATCHING

Edited by Geoffrey Charlish

In sports photography, in particular, it can be difficult to get a sharp picture because by the time the focus is set and exposure made, the subject has moved on.

If a telephoto lens is in use, the computer will also choose a fast shutter speed to counteract camera shake.

To make life even easier, "creative expansion cards" can be plugged into the side of the camera for particular kinds of photography, such as "landscape", "portrait" and "extreme close-up".

The Minolta Dynax 7000i costs about £400.

Cooler melting for solders

IN ELECTRONICS manufacturing, there can be a need to remove the components from a printed circuit board (PCB) for re-use. In some cases, the components can be damaged by the heat absorbed from either a soldering iron, or a de-soldering bath.

Mining and Chemical Products, of Wembley in the UK, says the problem can be solved by floating the PCB on a small bath of a specially formulated, low-melting-point alloy. Melting at a safe temperature of 55 deg C, this alloy forms a mixture with the lead and tin in the soldered joints.

The solder is absorbed, at the lower temperature, leaving the components unwarmed and free to be withdrawn from the board.

Program for sharper photos

ADDITIONAL automation for consumer photography appears on almost every new camera. Features found originally on pocket cameras, with optical viewfinders, like autofocus, are nowadays offered on the 35 mm SLR (single lens reflex).

And the computer plays an increasing part. For example, a new model from Minolta, of Japan, uses an optical autofocus system and a shutter that are software controlled to cope with moving subjects.

The system makes a distance measurement 30 times a second and uses the data to calculate the speed of the subject towards or away from the camera. Then, it can predict where the subject will be in the time the autofocus takes to function.

Filtering wine through fibres

CLEARER wine with a better flavour can be produced efficiently with a filtration system offered by Rohm and Haas, the West German

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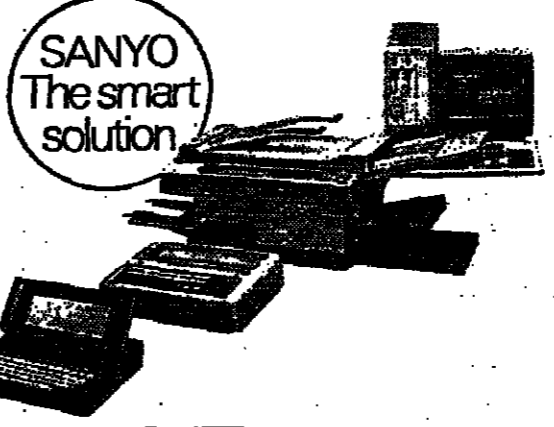
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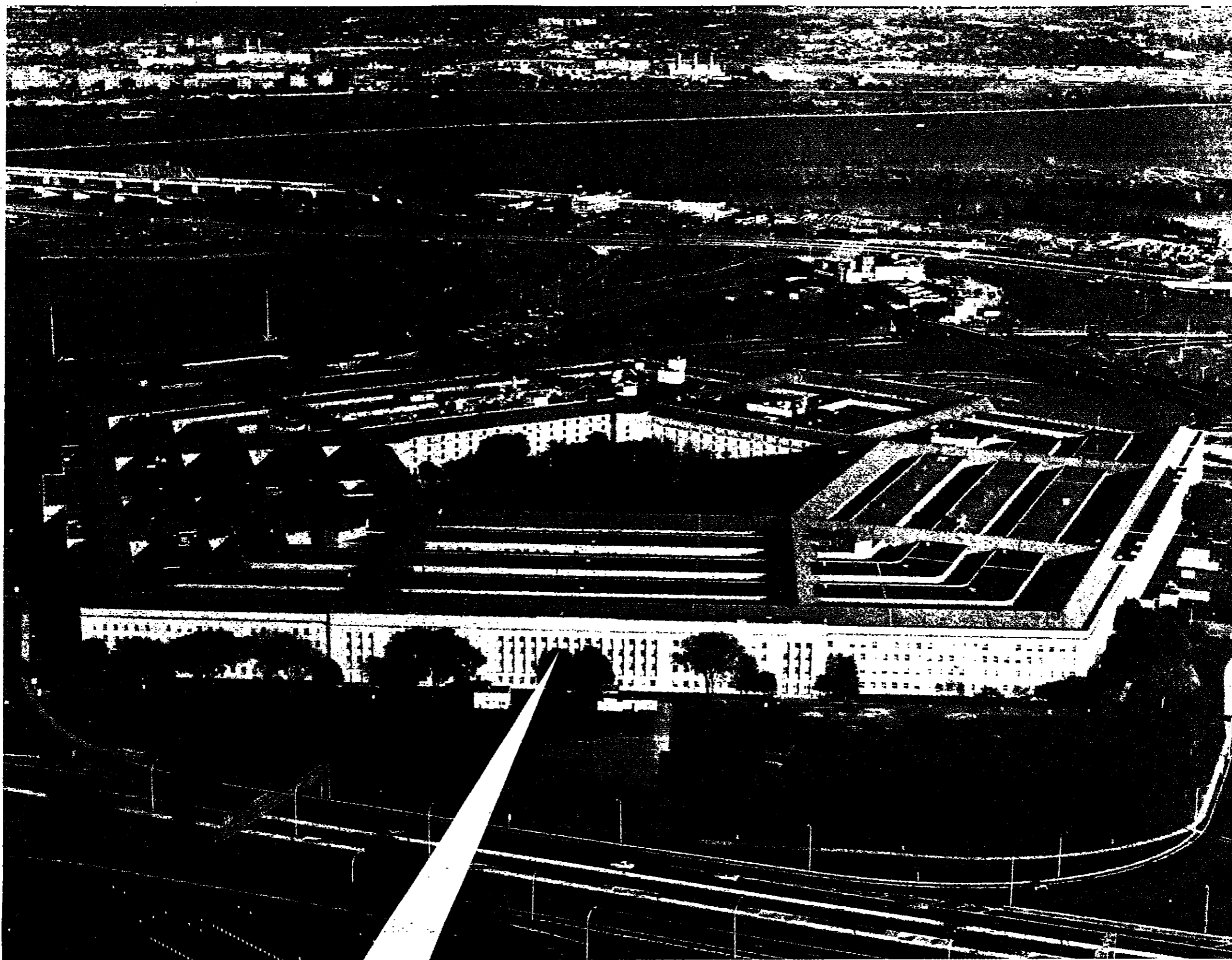
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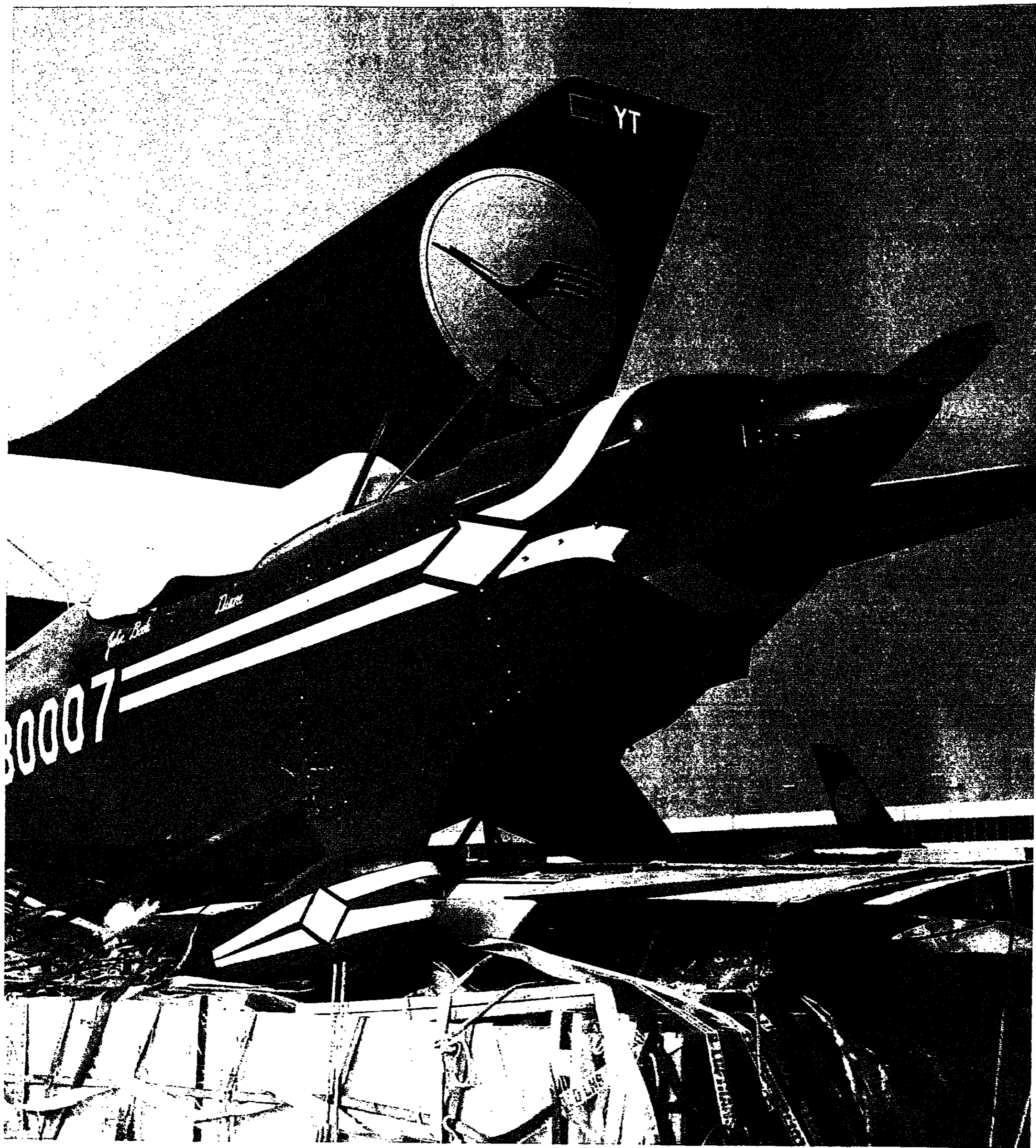
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Well Bought Raw Material Position
Current t/o £1.9m p.a.
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Non-core manufacturing company in West Midlands with significant export activity. Accepted product range. Current T/O £1.7 million. Net tangible assets £850,000. ROC 20%. Leased premises. Skilled workforce of 60. Good technical skills but would benefit from marketing/general management input to enhance operation. Offers in excess of £1 million. Principals only writes. Box H4077, Financial Times, 10 Cannon Street, London, EC4P 4BY.



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BUSINESS AND EDUCATION

The Financial Times proposes to publish this survey on: 21st December 1988 For a full editorial synopsis and advertisement details, please contact: Penny Scott

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FT LAW REPORTS

Husband is bank's agent

BARCLAYS BANK plc v KENNEDY AND ANOTHER Court of Appeal (Lord Justice Purchas, Lord Justice Taylor and Sir Gervase Sheldon); November 10 1988

A HUSBAND who charges the matrimonial home to the bank subject only to his wife's signature, acts as its agent in persuading her to sign if the charge is in her interests and the bank must therefore bear the consequences of the husband's conduct if proper investigation of the evidence shows that the signature was obtained by misrepresentation or undue influence on his part.

The Court of Appeal so held when allowing an appeal by Mrs Nuala Kennedy against a possession order made by Judge Krikler in the Wilkes County Court, to the extent of ordering a retrial of misrepresentation and undue influence issues affecting her in an action by Barclays Bank plc against her and her husband, Mr Terence Kennedy.

LORD JUSTICE PURCHAS said Mr Kennedy was employed by or associated with a Mr John Dempsey, in the business of selling insurance. Mr Dempsey was associated with a Mr Patrick McLaughlin, a solicitor's clerk.

The bank was involved in Mr McLaughlin's various activities. Mr Dempsey, on the introduction of Mr McLaughlin, opened a personal account and a business account with the bank. On the personal account the bank afforded initial facilities in the region of £16,000 against promises that moneys due from a property transaction would be paid into the account. Within a few months the bank became disenchanted with the manner in which Mr Dempsey was conducting his account, and brought pressure to bear on him.

Mr Dempsey's financial survival was of importance to Mr Kennedy. He had spent 12 months in prison for conspiracy to defraud, and continuing gainful employment was of the greatest importance to him. The bank manager had already been introduced to him as someone authorised to transact business on Mr Dempsey's behalf. At no time did Mr Kennedy or his wife have an account with the bank.

By July 1982 the overdraft on

Mr Dempsey's personal account was standing at about £20,000.

On July 23, according to Mr Kennedy's evidence, Mr McLaughlin and a Mr Gamley had assembled staff at Mr Dempsey's business premises. They stated that a package had been arranged to rescue the business, and asked if anyone could produce the money to settle Mr Dempsey's account with the bank. After a great deal of pressure Mr Kennedy agreed to guarantee personal indebtedness and secure it on his house. He was assured the charge would be required for only about four days until Mr Gamley produced funds.

Mr Kennedy went immediately to the bank to discuss the matter with the manager. They signed or executed a guarantee and charges on the house. It was a Friday.

It was made clear by the manager that the signature of Mr Kennedy was required immediately to the bank to discuss the matter with the manager. They signed or executed a guarantee and charges on the house. It was a Friday.

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On March 11 1988 Judge Krikler made an order for possession of the house against Mr and Mrs Kennedy, in the bank's favour. Mrs Kennedy now appeals.

The issues on the appeal were whether Mr Kennedy was acting as agent for the bank when he persuaded his wife to attend its premises and sign the charge; and whether she acted as a result of his misrepresentation.

Judge Krikler heard evidence from Mrs Kennedy that at 3 pm on the Monday her husband had asked her to go to the bank to sign away the house. He told her the police would be called to investigate Mr Dempsey and he would be out of a job. She was frightened of the police. She was told the charge was only going to be for four days, and that Mr Gamley was going to save the business. She was not happy about it but she did not have much time, and believed it would save her husband's job. She would not have done it if she knew that the charge would last for more than four days.

The judge found that Mr Kennedy was not acting as agent for the bank. He said that on the Friday the bank had told Mr Kennedy to "go home and discuss the matter with his wife over the weekend", and that no actual or ostensible authority was given to him to act on its behalf - it was "a situation of a husband asking his wife for assistance."

That did not reflect the evidence.

The evidence was that Mr Kennedy's attendance was a "formality". It established that on the Friday, subject only to obtaining her signature, the transaction was concluded.

The bank required her signature to secure its position against her interests as occupier. It was very much in the bank's interest to get an effective guarantee of Mr Dempsey's unsatisfactory overdraft.

It was equally in his interest to obtain security for that guarantee in the form of the charge which would not be fully effective without the wife's signature.

The overwhelming inference drawn from the evidence was that all had been agreed between the bank and the manager on the Friday, and that the manager left it to the husband to persuade the wife to come to the bank on the Monday to execute the charge and sign the guarantee.

Had the position been "discuss the matter with the wife over the weekend", it was unlikely the parties would have actually executed the guarantee and the charge until it was known, as a result of the weekend discussions, that the wife would consent to being a party.

In *Midland Bank v Sheppard* [1985] 3 All ER 17 Lord Justice Wilford said "the court will not enforce a transaction at the suit of a creditor" if he entrusted the task of obtaining the debtor's signature to someone whom he knew to be in a position to influence the debtor "and who procured the signature of the debtor by means of undue influence or by means of fraudulent misrepresentation."

In *Acorn Finance [1985] 2 All ER 381* where a son undertook to procure execution by his parents of a legal charge on their property, it was held that as the bank "let everything" to him to arrange for its benefit, it must abide by the consequences of his fraudulent conduct.

In *Kingsnorth Trust [1987] 1 WLR 119* Lord Justice Dillon said that well-established authorities showed that if a husband's creditor wanted security for his indebtedness, and entrusted to him the task of obtaining execution of a guarantee or charge by his wife, "then the creditor can be in no better position than the husband himself".

In the light of the authorities, the judge misapprehended the position between the bank and Mr Kennedy when, on the Friday, Mr Kennedy left for the purpose of obtaining his wife's signature. Clearly the manager left it to Mr Kennedy to obtain his wife's presence at the bank to execute or sign the charge.

There were areas of evidence with which the judge did not deal, and which examination of witnesses did not really cover. Although Mr McLaughlin admitted that Mr Kennedy directly misled his wife on the basis that the charge was only to be for four days, there was no finding on that question. It was impossible on the evidence to infer that he deliberately misled his wife.

As to undue influence, no one investigated why Mr Kennedy postponed discussion with his wife until 3 o'clock on the Monday. There might be a perfectly reasonable explanation for his failure to mention this until the last minute and then put pressure on her on the basis that it was to preserve his job, there must at least be a case to be investigated that he might have railroaded her into agreeing to sign.

Much would depend on examination of those facts. It would be dangerous to draw any adverse inference against Mr Kennedy where there had been no proper investigation.

The appeal was allowed to the extent that a retrial was ordered, limited to the issues of misrepresentation and undue influence as affecting the wife.

Lord Justice Taylor and Sir Gervase Sheldon agreed.

For the wife: Simon Brilliant (Cary Littlejohn)
For the bank: Phillip Shepherd (Harry I. Aldin)
Rachel Davies
Barrister

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A Seminar for Industry on Tuesday 6 December at the Queen Elizabeth II Conference Centre, London SW1.

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Further information from Michael Brown, 01-232 8535

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ARTS

Shostakovich

FESTIVAL HALL

With Sunday's concert the "Music from the Flames" series on Shostakovich approached white heat. The Fourth Symphony was one of those major works conceived at crisis point in the 1930s, when Stalin bore down upon the arts with his policy of "social realism."

the symphony had thereby been diluted world, however, be unfair. Its great, sprawling first movement, which can so easily become a disjointed queue of big moments, was confidently bound by Ashkenazy into an ongoing stream of concentration, with woodwind solos being brought forward and brass restrained so that the most cataclysmic tutti, when they did come, would strike with their fullest ear-shattering force.

Richard Fairman

Diverse British bedfellows

William Packer reviews exhibitions at Agnew and David Messum

Modern British is a blanket term for a wide range of work that covers in apparent comfort the most diverse bedfellows. The foot of the bed is set somewhere around the onset of modernism some 100 years or more ago, but the fringe of the bed may well extend beyond it towards the floor. And so for the other end, where we pull it towards us to tuck under the chin, that line too is infinitely adjustable and shifts ever nearer.

Such treats continue throughout, a Watmore here, an Innes or a Bevan there, but more intriguing still perhaps, in the light of our preamble, is the work of artists active within the past 50 years, including some still very much alive. There are good examples of Ivon Hitchens in mid career - another artist too easily neglected into Jack Yeats and early romantic Alan Reynolds in the orchard, all from the 1950s. The Neo-Romantics get stronger by the week, among them Minton of course, and Michael Ayrton. Keith Vaughan and John Craxton are represented by work of the 1940s and both are currently undergoing significant critical revival with Craxton, at least, alive and active at a mere 66 to enjoy the process, as witness his recent show at Christopher Hill. It is good, too, to see William Brooker and Julian Trevelyan, who were so nearly still in the same case.

With British Impressionism: les petites matines (34 St George Street W1: until December 5). David Messum takes this game of categories, which can mean what you want it to mean, a stage further. As a dealer he has been instrumental in any in re-establishing the market in the Newlyn School of late Victorian and Edwardian times, with its connections in Scottish and Irish painting of the period, which lately has taken off so spectacularly. What more natural than to follow through to the Georgians, and if the artists grow ever more minor and obscure as their betters are picked off, the work is nonetheless decorative and attractive.



"Dorelea" by Augustus John. Pencil on paper, 1910

Solti's Bartók

FESTIVAL HALL

At its half-way point the Bartók series under Solti is certainly proving most rewarding. Although none of this composer's large-scale pieces has fallen into neglect, that does not mean that a retrospective of the right kind has nothing to tell us. Solti, with his lifetime's absorption in this music, is presently achieving just that by taking his listeners beyond the surface attractions of Bartók's style to the deeper emotional impulse that lies below.

and Ranki did not play it as such. One might elicit a little more poetry from the score (as Geza Anda used to) but by and large Ranki gave us a fine, idiomatic performance, clearly articulated with just enough Magyar fire in the rhythms to remind us of the music's roots. Of that, too, Solti himself brought a generous supply for the two orchestral works of the evening. The concert had opened with a brutally powerful account of the Suite from The Miraculous Mandarin: not merely a blaze of orchestral virtuosity but a more instinctive kind of interpretation, in which the pounding rhythms and unrelenting violence seemed to unleash the very demon spirit from the score.

Richard Fairman

The 1988 St Louis Opera Theatre season

Andrew Porter reflects on the company's strengths and weaknesses

The Opera Theatre of Saint Louis maintained its usual, and successful, pattern this year: six weeks with a Mozart; a new opera; an unfamiliar opera; and a standard opera. The Mozart was La finta giardiniera, done in the version that Edmund Tracey prepared for the English Music Theatre Company 12 years ago.

of an opera company to demonstrate the shortcomings of a work and of the genre it represents. But it was an interesting, and very skilful demonstration. The unfamiliar opera was Oberon, in a new version by Colin Graham - one of the many attempts to "rescue" Weber's music from the morass of Enoch's director. And one of the best. There was no such drastic reworking as Anthony Burgess and Graham Vick practiced for Scottish Opera. Planché was severely tidied and abridged, but his basic plot remained. Emanuele Luzzati's bright sets were pretty and picturesque. The show had its proper starting point in British pantomime, with amusing and surprising transformation scenes. Whenever the music began, the linked worlds - chivalric, exotic and supernatural - the Weber conjured up in small space with delicate instrumental precision, found appropriate representation. Seriousness and mirth were nicely balanced.

St Louis' standard offerings are sometimes deeply moving. In the small theatre, young artists, addressing the audience in a language they both share, can make even elderly, jaded critics respond anew to works that they have heard hundreds of times before. La traviata and, last year, Carmen worked upon me thus. But his year's Bohème was a washout. It was a noisy, everyday performance, clumsily staged in ugly scenery. The Mimì and the Rodolfo seemed intent on their own performances and not for a moment in love with one another. The Colline delivered the Coat Song as if it were a Boris monologue.

The School for Scandal

THEATRE ROYAL, BRISTOL

Sheridan didn't put any nice people into The School for Scandal, apart from Maria. Some of them do sympathize things we may like Sir Oliver when he forgives Charles for not selling his portrait, perhaps, but he was busy tricking him at the time. The truth is, they are a terrible lot, and this why they are funny. There is no need to point a social moral, as Jonathan Miller did at the National. Rich or poor, they are ill-natured, deceitful and hilarious.

catch her with this set. She has the advantage of her Redgrave height and her "remarkably elegant turn of the head" - a head topped with handsome red hair that Mrs Candour must have longed to comment on. She is restrained, by the surrounding standards, and her barbs are general rather than personal ("true wit and good nature are so near skin they can never be united"), but she is horrible at home with defenceless Sir Peter ("with what a charming air she contradicts"), and her reformed persona can't be more than skin-deep.

B.A. Young

The FT Arts Lecture

The Financial Times Arts Lecture this year will be given by David Pottman, one of Britain's most active film reviewers, responsible for Midnight Express, The Killing Fields, The Mission, Local Hero, etc.

Barbican in Cinema 2. A limited number of free tickets are available to FT readers (maximum of 2 per application). For tickets, send a stamped addressed envelope to: Kiki Chandaria, Arts Lecture Special Offer, Public Relations Department, Bracken House, 10 Cannon Street, London EC4P 4BY.

ARTS GUIDE

Opera and Ballet London: Royal Opera, Covent Garden. Messene's Menon, a new production, by John Cox. In the 1987 designs, by Peter Rice. Further performances of the beautiful, Nuriya Respect production of Madama Butterfly, with Catherine Maltman.

Paris: Opera, Raymond, Glazunov's 3-act ballet, choreographed and produced by Rudolf Nureyev, with Laraine Ellis-Chance, Judie Finkler, and Yves Lormeau and Rudolf Nureyev alternating as Jean De Brienne (4740857).

The Hague: Dantheater. The Netherlands Opera co-production with the English National Opera of Mozart's Magic Flute (in German) directed by Nicholas Glynne. The Netherlands Philharmonic under Donald Runnicles, with Hans Peter Blochwitz. (Wed) (60 43 30).

November 11-17

Washington: Washington Opera. Opera House, Kennedy Center. Nelly Miricioiu takes the role of Violetta Valery in John Coplay's production of La Traviata conducted by Guido Ajonas. Mascand. Flaminio Dominguez continues as Mario Cavaradossi in Tosca in Gian Carlo Menotti's production conducted by Rafael Frühbeck de Burgos with Adriana Morelli as Floria and Gustavo Eiras as Baron Scarpia. (254 3770).

Advertisement for The Glenlivet 12 years old single malt whisky. It features the text 'What put the Sir in Sir Walter Scott?' and an illustration of a man in a top hat and a bottle of whisky.

Advertisement for The subtle smiles of Siva, featuring a collection of Khmer and Thai sculptures. It includes the text 'A collection of twenty Khmer and Thai sculptures, dating from the 9th to the 14th centuries...' and a signature 'Antony Thorncroft'.

FINANCIAL TIMES

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Tuesday November 15 1988

The next step in Ulster

THE Anglo-Irish Agreement, which has its third anniversary today, cannot be said to have been a self-evident success. It has failed to attract a large number of people with it — notably the Ulster Unionists, but also sections of British opinion which are either hostile or indifferent. Even the mainly Catholic Social and Democratic Labour Party in Northern Ireland, for whom the agreement was partly devised, has sometimes declined to show much enthusiasm. The support for the agreement from the British and Irish Governments has also had its ups and downs.

Article 11 provides for a review of the workings of the agreement at the end of its third year. At one stage it looked as if even that exercise would be perfunctory. Now it seems that some serious work could be done in the next few months. There will be a series of meetings between British and Irish ministers and officials, and also further attempts by Mr Tom King, the Northern Ireland Secretary, finally to bring in the Unionists.

For the exercise to be effective, it is necessary to recognise some of the mistakes of the past. The agreement has not achieved all that it might have done, primarily because it has failed to attract the Unionists. Yet the Unionists should realise that all previous British attempts to achieve a settlement in Northern Ireland ran into the ground because of the intransigence of the Unionists' own leaders. It was therefore not surprising that the British began to take a wider view.

Broader horizons

There were other reasons for both London and Dublin to broaden their horizons. Britain and the republic are members of the European Community, where they talk to each other about all sorts of wider issues. It would be an anachronism for the two Governments not to be on close speaking terms.

There was also security. Co-operation between London and Dublin on defeating terrorism remains less than ideal, but it is much better than it used to be. Anyone who doubts that should ponder how much worse the situation might be if the British and Irish security forces had not begun to work more closely together. They may notice, too, that the London-Dublin agreement has made it easier to achieve international support in the battle to deprive the IRA of supplies.

Still, there are defects which go beyond the failure to bring the Unionists on board. One of them is excessive concern by the British Government with security matters almost to the extent of neglecting other parts

Independent chairman

That could be fatal. The best step forward now would be for Britain to appoint an independent chairman of a conference of the political parties in Northern Ireland. Two analogies would be Lord Carrington's chairmanship of the Lancaster House conference on Rhodesia-Zimbabwe and Dr Henry Kissinger's shuttle in the Middle East. There would be a deadline for the parties settling terms on implementation of the agreement's provisions for devolution in the North. But it should be made clear at the start that co-operation between London and Dublin will go on. The deadline would be closely tied to the completion of the review of the workings of the present agreement in (say) next March. There would then be a summit meeting between the two Prime Ministers which would reaffirm the Anglo-Irish Agreement as the cornerstone for future developments.

It will be difficult to find a chairman of sufficient stature, hard to persuade Mrs Thatcher to accept this approach and none too easy to bring in the Unionists. Yet the long term consequences of letting the agreement wither on the vine, doing nothing very much about a political settlement in Northern Ireland and letting the Unionists effectively opt out are even less enticing. The agreement was a useful first step. We now need a decisive leap.

Reciprocity in the Middle East

THE PALESTINIAN Arabs have suffered repeatedly, in the history of their conflict with Zionism, from the fact that their leaders made important concessions too late to reap much benefit. There is a danger that that may happen again, thus lessening what otherwise ought to be seen as a constructive endorsement by the Palestine National Council in Algiers of Security Council Resolution 242.

Had this step been taken in the summer of 1977, it would undoubtedly have opened the way to Palestinian participation in the Geneva peace conference, with the support of the US, and possibly to the eventual formation of an independent Palestinian state.

Today it may well not be enough. Although the Carter Administration regarded Resolution 242 (which calls for Israeli withdrawal from territories occupied in 1967 and affirms the "sovereignty, territorial integrity, and political independence of every state in the area and their right to live in peace within secure and recognised boundaries") as an adequate test of acceptance of Israel's right to exist, the Reagan Administration wants the Palestinians to recognise Israel explicitly and to renounce violence. The debate in Algiers continues, but it is unlikely to go beyond a reaffirmation of Mr Yasser Arafat's 1985 Cairo Declaration renouncing terrorism, which covered violence only outside the Middle East.

In 1977 the Palestinians faced a newly elected right-wing government in Israel led by Mr Menachem Begin, regarded as a rigid opponent of any territorial compromise. But later that year President Sadat went to Jerusalem, and

Like a space traveller who discovers life on a strange and distant planet, Japanese industry has recently been surprised by signs of renewed economic vigour in Western Europe. And it is rushing to investigate further.

Since the late 1970s, Japanese businessmen have often castigated Europe as a constipated low-growth society falling behind the rest of the industrialised world. They have been correspondingly reluctant to invest there. East and West Europe together account for a mere 15 per cent of Japan's foreign direct investments, less than the US, Asia or Latin America.

The recent change of attitude owes much to a surge of interest in the European Community's plan to create a single market by 1992. Though many Japanese executives are still unsure what to make of it and sceptical about Europe's longer-term prospects, they plainly feel they cannot afford to be left out of the action.

Leading companies have been dissecting the 1992 proposals in minute detail and are setting up departments to plan and co-ordinate their European strategy. Toyota, Japan's biggest manufacturing concern, says deciding how to tackle the European car market has become its top priority.

EC governments say their seminars in Japan on investment opportunities are attracting a record turn-out, including large companies which already have European operations and small firms with little international experience.

"In the past few years, there has been a sudden swing from Euro-pessimism to Euro-optimism," says Dr Hajima Ohta, a senior international economist at the Keidanren, the employers' federation. "For Japanese businessmen, Europe is one of the choices they have to make to survive."

How that choice is exercised will have important consequences for Japanese companies' ambitions to transform themselves into global enterprises with a broad-based worldwide presence. It is also becoming a key element in the EC's own decisions on how to implement the single market programme, particularly on the external trade front.

The 1992 plan happens to coincide with a shift in business objectives spurred by rapid structural change in the Japanese economy. For the moment, most companies are preoccupied with increasing their share of booming domestic demand. But many are also aware that to safeguard their prosperity, they need to start laying firm foundations for longer-term international expansion.

The high yen and foreign trade barriers are already prompting a shift to offshore production bases and components sourcing, primarily in Asia. Though less than 2 per cent of Japan's manufacturing capital stock is estimated to have gone overseas so far, its foreign direct investment is rapidly accelerating. In the three years to last April, it almost doubled to reach \$139.3bn (\$76.7bn).

The trend is expected to continue, for other reasons as well. Many Japanese companies are finding that, as they gravitate to more sophisticated and complex products, they require a more intimate understanding of customers' needs which can only be gained by having a presence on the ground. This is generating its own momentum. Decisions by all Japan's car makers to manufacture in the US have prompted more than 130 of their parts suppliers to follow suit.

Furthermore, large international trading companies such as Mitsubishi Corporation, which spearheaded Japan's early export thrust, are now being obliged to hunt for new sources of business overseas. "In all areas, our customers are diversifying and building their own networks overseas, so our traditional functions are eroding. We have to become more aggressive internationally," says Mr oshiro Koizumi, general manager for market-

Guy de Jonquière reports on Japanese attitudes to Europe and 1992

Japan's foreign direct investment

Cumulative to April 1987 (in \$ million)

	North America		Latin America		Asia		Middle East		Europe		Oceania		TOTAL	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Manufacturing	3,316	14,753	971	4,994	7,174	10,000	74	1,250	1,532	225	404	1,496	13,373	36,038
Non-manufacturing industry	10,749	36,858	4,806	20,126	5,784	18,286	212	743	1,051	3,722	1,378	5,431	27,565	89,265
Branches & expansion	344	687	54	45	571	336	47	905	124	265	12	1,228	3,238	
Real estate acquisitions	2,005	485	99	23	162	37	1	180	38	21	2	70	7	2,544
TOTAL	16,409	52,763	5,930	25,199	13,691	28,658	324	3,078	3,601	21,047	1,287	3,951	2,287	6,646

Source: Japanese Ministry of Finance

Wary approach to the single market

The most potent factor influencing Japanese investment decisions is fear of a Fortress Europe after 1992.

The most potent factor influencing investment decisions is fear of a Fortress Europe. "The EC will close its market and protect its own," says Mr Shinichi Yuru, executive vice president of Mitsubishi Electric. "We should come in as insiders. Now we are all looking for good countries to invest in."

The sense of urgency varies between companies. But Japanese fears have been intensified by the

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Mystery at Sotheby's

Anyone looking for a plot for a thriller could do worse than to look at Sotheby's sale of 20 Khmer and Thai sculptures yesterday which brought in £1.1m for their mysterious owner. It was odd for Sotheby's to get such a collection — objects in this specialist field are usually sold privately, to such seen collectors as Avery Brundage and Norton Simon.

An auction usually means that the seller wants his money quickly. Dealers recognised the items — one of which, a five-headed bust of Siva, sold for a record \$319,000 — as among those bought in the last few years by a Mr Kreiling, an American living in Switzerland who had dealings with the Middle East. But he was not believed to be the vendor.

He built up his collection as an investment, buying many of the sculptures from the Crawley brothers, the sons of Aidan Crawley, who were killed recently in a plane crash in Italy. A business disagreement precipitated the rapid dispersal. As for the origins of the pieces, no-one doubts that some, at least, had been hacked off temples in Kampuchea both by the Khmer Rouge and their victims during the Pol Pot trauma. As one dealer said yesterday: "When you are starving and have to flee your country, you do not worry too much about art history." In fact, you take it with you.

Mansfield goes

There was a paradox about Mike Mansfield, the retiring US Ambassador to Japan. A whole generation of Europeans grew up believing that one year his annual resolution in the US Senate calling for a reduction of American troops in Europe unless the Europeans did more for their own defence would be passed and that Europe would be up the creek without a paddle. Some defence experts believed that Mansfield was only the thin end of the wedge; future Senators, they thought, would press the same kind of resolution even harder.

Yet in 1977 Mansfield took up his post in Tokyo and Mansfieldism went out of fashion, though it may come back under President Bush and a Democratic Congress. The paradox is that he never applied the same approach to defence spending to Japan. He thought that the Japanese were doing enough and that it would be dangerous to encourage them to do much more. Perhaps he was just very wise. He retires at the age of 85 and was the only American Ambassador to have remained in the same major post throughout most of the Carter and Reagan administrations.

African cheer

Remarkable optimism keeps coming out of Southern Africa. Denis Worrall, the former Ambassador to Britain and now leader of South Africa's Independent Party, was in London last week and talking about breakthroughs all over. He expects a general election in April and a total shake up

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LETTERS

The problem is the US current account deficit

From Mr Patrick Foley. Sir, Samuel Brittan ("Time to untwine the US deficits," November 10) is of course right when he says that there is no clear relationship between government budget and overseas trade deficits.

demand, any expansion of the public sector's deficit can only be met initially by reducing net exports.

budget deficit, which is the most important economic problem facing the new Administration. As Mr Brittan points out, the budget deficit is by no means large when measured relative to the supply of overseas savings from which it must be financed.

threat of protectionism. The budget deficit's importance is because of its present potential for influencing the current account deficit.

Tough on provident students

From Mr A.D. Lindoot. Sir, The final paragraph of your leading article, "The future of student loans" (November 10) is very welcome.

economic facts of ordinary students' lives. It seems not to grasp that financial difficulties can only deter provident students.

Person power in the law

From Mr Martin Sewell. Sir, We were very pleased to see your legal column covering the issue of flexible working in order to retain capable lawyers (who happen to be female) in the profession (November 7).

work. We have had to make changes in the way we organise certain aspects of the practice, not least in making a commitment to exploring the potential of the new technologies, but these adjustments have proved very beneficial.

Poor outlook for exports

From Mr Alan Saunders. Sir, With reference to Margie Lindsay's Mongolian trade prospects (November 1), the Anglo-Mongolian round table delegation last autumn, and the London Chamber of Commerce and Industry delegations which followed, were unanimous in encouraging Mongolian government representatives to increase trade turnover with hard currency markets, particularly the UK.



Chemistry is in crisis

From Mr William Beet. Sir, I was interested to read your report of the lecture given by Mr Allan Rae, president of the Chemical Industries Association (November 2). He deplored the Government's failure to recognise chemistry as a subject suffering from shortfalls, and pointed out that trainee teachers in mathematics and physics receive a bursary entitled to those in chemistry.

If an archangel appeared

From Mr Robert Sutherland Smith. Sir, Your survey of British industry (November 2) indicates that 64 per cent of companies questioned saw financial institutions as short term, failing to make a long term strategic evaluation of their company.

Stand taken on bananas

From Mr Erwin Stier. Sir, I would like to comment on your article "Banana skins on the path to EC single market" (October 24).

Bears still prowl

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FOREIGN AFFAIRS

In defence of a good schooling

There is more to national security than military spending, writes Edward Mortimer

It is very easy to be smug and patronising, if one is not American, about the fact that Americans want to have their cake and eat it. They want to remain the world's strongest military power, with the capacity to deter - and if possible also to parry - any nuclear attack on their territory, and the ability to contain real or imagined threats to their security by deploying conventional forces in almost any part of the world.

borrowing requirement? The answer to the second question is clearly affirmative. The answer to the first is less clear, or at any rate not unanimous.

An educated population is going to be the most important resource of each country

more popular spending programmes like health, education, housing and welfare. That sentence appeared in a book published shortly before the last election, co-authored by a Conservative MP. By contrast another recent book, one of whose authors is a former Conservative MP and the other a prominent Liberal/Democrat, harps on the fact that Britain's defence budget is "higher in per capita terms than that of any other Nato member except the United States and Greece", hinting without ever quite stating that it should therefore be reduced.

buy the Trident submarine-launched ballistic missile system, Sir Francis Pym, the then Defence Secretary, pledged that its costs would be accommodated within the defence budget without detriment to the re-equipment of the UK's conventional forces or their ability to meet their commitments. This pledge was implicitly negated by the programme "The Way Forward", proposed by Mr Pym's successor, Sir John Nott, in 1981, which included savage cuts in con-

ventional, particularly naval, forces; but that, in turn, was effectively reversed by the Falklands War, since when no clear choice among Britain's various defence commitments has even been attempted.

Yet the electorate was not asked in 1983, still less in 1987, to vote for a further increase in defence spending. Instead it was offered, and gratefully accepted, a cut in income tax. It was not offered, but it has got a gradual running-down of manpower and equipment throughout the conventional defence establishment, to the point where Britain's ability to meet a call on almost any of its defence commitments, including another Falklands-type emergency, is very seriously in doubt. That is a fairly straightforward point about national

security as it is conventionally considered in military terms. Yet surely almost anyone would agree that the purely military aspect of international relations is declining in relative importance, while cultural, ideological and, above all, economic factors are increasing.

At a recent conference on "The Future of British Foreign Policy" it was mentioned, almost as an afterthought - under the heading "related issues of domestic policy: the labour market" in a paper on "Britain's role in a World of Economic Interdependence" - that the literacy and numeracy averages of British school-leavers are lamentable by the standards of other industrial countries. It was said that only 30 per cent of the population takes more than one "O" level, that the Youth Training Scheme, Restart, etc. are "palpative and gimmicky undertakings to improve the statistics", and that matters could only be improved by an intensive programme, inevitably involving an increase in the state education budget, to raise the status of schoolteachers and reduce the size of classes.

No doubt it would be foolish to discount the former, but the latter strikes us in the face. Yet it could be dealt with seriously only by cutting some other area of expenditure, or by taking a larger proportion of national wealth to finance government. There, too, is a choice that has not been put squarely before the British electorate, but is gradually being taken by default.

"British Defence: A Blueprint for Reform by Michael Chichester & John Wilkinson (Brassey's Defence Publishers, 1987) "Options for British Foreign Policy in the 1990s by Christopher Tugendhat and William Wallace (Routledge, 1988)

Advertisement for Leyland DAF trucks. Features a large image of a truck and text describing its extensive dealer network, computerized systems, and service options. Text includes: 'EXTENSIVE DEALER NETWORK', 'Leyland DAF a fully computerized central parts warehouse, the largest in Europe gives dealers and customers the best availability of parts in the business', 'Leyland DAF, part of the Daimler-Benz group, offers a wide range of products', 'Improved service, an extensive Dealer Network - the crucial difference between Leyland DAF and the competition.', 'Leyland DAF' logo at the bottom.

Stand taken on bananas

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Character of brewing in this country will be lost for ever

J.R. Allan, Green Park Hotel, Valley Drive, Harrogate, North Yorkshire.

Vertical text on the left margin: 'RY OWN WAY...', 'IED BY THE CHESTRA', 'EST LANC'

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FINANCIAL TIMES

Tuesday November 15 1988

JUKI The Master Printers

Benazir Bhutto favoured in Pakistan poll

Christina Lamb assesses the obstacles towards electing a first woman Prime Minister

IN A COUNTRY which revels in national holidays and constitutional confusion, Pakistan's elections tomorrow will throw up a proliferation of both.



Benazir Bhutto (above), still drawing the crowds; and Muslim League favourite Nawaz Sharif, minister for the Punjab and a protégé of Gen Zia

But if the PPP does win an overall majority it will be very difficult not to call Miss Bhutto to form the government.

PAKISTAN'S election campaign came to a close with all nine leaders of the Islamic Democratic Alliance (IDA) yet to meet on the same platform.

In Pakistan's first public opinion poll the most popular choice for Prime Minister was Ms Bhutto, although her party came second after the Muslim League.

comparisons. Many buses were empty and some participants claimed that they had been paid to attend.

the love lost between the leaders of the alliance parties. The man tipped by the establishment to be Prime Minister should Mr Khan be free to look beyond the PPP is Mr Ghulam Mustafa Jatoi, a former leader of the PPP and Chief Minister of Sindh under Mr Bhutto.

regard him as a "known evil," he is disliked by some leading generals who feel he tried to make political capital out of trying to curb them, particularly trying to pin blame on two generals for the disastrous explosion at the Orjil camp where US arms and missiles for Afghan guerrillas were stored.

The main force in the Muslim League is Mr Nawaz Sharif, a man as colossus as Jatoi in Punjab and a protégé of Gen Zia, who made the 39-year-old industrialist chief minister of Punjab, Pakistan's dominant province which holds more than 60 per cent of the votes.

Mr Sharif's lack of political background is unusual in a political scene dominated by feudals and he is conscious that his political survival depends on winning these elections.

He is hedging his bets by contesting no fewer than five seats. A patronage politician, Mr Sharif has raised more cheers on his extensive tour for his largesse than his uninspired oratory.

But with backing from Jamiat Islami, the influential religious party, he has become a leading contender for the position of chief executive although his maturity is questioned by the army, whose views cannot be discounted in a country which has spent half its short life under military rule.

Pakistan's main national leaders are, like Mr Sharif, all contesting several seats. If they win all there will be a flurry of by-elections before the final election result is known. There are, overall, more than eight candidates per seat; most are pre-announcement independents who are likely to eat into the IDA vote.

It is this prospect more than anything else which lies behind the PPP's continuing belief that, in spite of the difficulties, Ms Bhutto's party will secure a majority leading to Pakistan's first woman prime minister.

Ms Bhutto has been at the forefront of the fight for a return to democracy since then, but many feel her campaign has lacked a focus since Gen Zia's death in August and been deprived of the glamour of a young woman struggling against an evil dictator. Nonetheless, she proved last week that she can still draw crowds with the largest

gathering Rawalpindi has ever seen. No longer does Ms Bhutto preach radical socialism or vengeance against those who killed her father, instead concentrating on reassuring the establishment that a PPP government would not upset the status quo.

Ms Bhutto's reassurances may not be enough to allay the fears not just of the army and bureaucracy, but also those voters who remember that, before General Zia, Mr Bhutto also harassed and arrested political opponents.

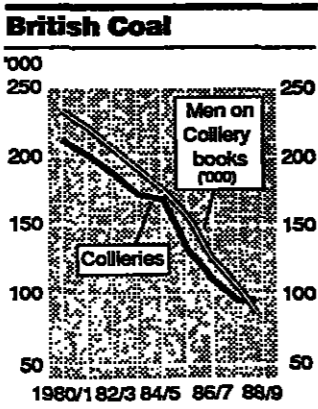
The nine-party Islamic Democratic Alliance may have had some success in stirring up these fears, but they have failed to project a clear leader. In a marriage of convenience in which everyone wants to be head of the house, there is lit-

UK coal industry faces more pit closures

By Maurice Samuelson in London

THE BRITISH coal industry is heading for another major round of job losses and pit closures over the next few years as it tries to stay competitive against falling world energy prices.

Some 20,000 jobs and about 10 collieries are believed to be at risk over the next year in a wave of closures reminiscent of the cuts which followed the 1984-5 miners' strike. The figure could be higher if the overtime ban being discussed in the National Union of Mine-workers was to have a serious impact on production.



conceded that "only a miracle" would now make that possible, even though the Corporation's first-half operating profits were the highest for more than 20 years.

He blamed the Corporation's harsh prospects on: ● A freeze on its prices due to the oil price collapse;

● The effect of higher interest charges on its debt repayments;

● Higher than expected inflationary pressure on wages;

● The costs of additional closures.

Thatcher on inflation

Continued from Page 1

financial markets was that the Government would aim to ensure that, while the small investor remained protected, the City of London would not become overregulated. Financial institutions should in turn respond by providing an efficient service at reasonable cost to the new generation of capitalists.

In a broad review of foreign policy embracing both her strong views on the European single market and her deter-

nation to crack down further on terrorism in Northern Ireland as well as East/West relations, Mrs Thatcher emphasised her hopes for continuity in US policies.

Mrs Thatcher will meet Mr Bush on Thursday after attending tomorrow's farewell banquet for President Reagan.

ational costs of at least £75m (\$135m) for the past five months of the financial year and would amount to more than £200m during the next full financial year "thus adding to the already tough target of breaking even."

Further urgent cost cutting measures, including the reduction of even more high cost coal-mining capacity, would be made worse if the leadership of the National Union of Mine-workers persisted in its "adversarial" and "suicidal" role, he warned.

In intensifying this year's run-down, the Corporation has apparently decided to accelerate a process which would have been spread over a longer period had it not been for the latest deterioration in the business environment.

Sir Robert was vague about the scale of this year's redundancies beyond mentioning "further substantial restructuring costs" and agreeing they could be "more than the hand-ful" which he had been predicting a year ago.

However, estimates of 15,000 to 20,000 redundancies over the next year or so are regarded as realistic in Whitehall, with more to follow if the power stations, which consume four-fifths of British Coal's output, switch to other fuel sources.

lined to the less profitable areas, such as Scotland and South Wales, where at least five pits are in danger. The future of several pits in Nottinghamshire, manned by members of the dissident Union of Democratic Mine-workers, is also under review.

The gloomy outlook is especially disappointing for British Coal given its steady progress in boosting its efficiency. By raising productivity by 75 per cent in the past 3 1/2 years, said Sir Robert, it had achieved a record "unmatched by any other major UK industry in recent times."

As a result of its worsened trading conditions, the Corporation's hope of a bottom line profit increasingly depends on the speed with which the Government wipes out its huge burden of debt, which this year requires interest repayments of some £400m.

Sir Robert yesterday appealed to the Government to speed up a financial reconstruction which would bring it more into line with British Steel whose debt repayment this year would be less than £20m.

The Government has agreed in principle to writing down British Coal's debts in order to allow it to deal on a sound footing with the privatised electricity industry.

PLO policy agreement

Continued from Page 1

Mr Yassir Arafat, the PLO chairman, was still struggling last night to bring the minority of hardliners into a consensus of the statement's language but he is assured of a majority if it is put to the vote early today.

The adoption of the programme will amount to an historic concession to Western demands that the PLO accept Resolution 242 before it participates in an international conference, and a personal triumph for Mr Arafat.

"There is a new majority for moderation," Mr Salah Khalaf, Mr Arafat's accepted number two said yesterday. Mr George Bush, US President-elect, would see a need to reappraise Washington's policy.

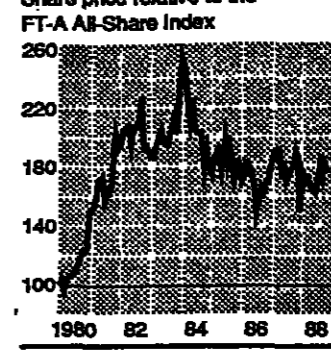
Initial US reaction to the PNC has been cautious. Western diplomats in Algiers said Washington would not see much in the agreement as sufficient and would remain wary of Palestinian demands for self-determination. The US has long sided with Israel in opposing an independent Palestinian state.

THE LEX COLUMN Double trouble for interest rates

Some semblance of calm returned to the foreign exchange markets yesterday, as the central banks rode the rescue of the dollar and Mr Bush and his advisers tried to reassure the financial community that devaluation was not part of their plans.

BOC

Share price relative to the FT-A All-Share Index



If that were all there were to it, of course, Warburg might have saved itself the trouble by constructing a deal which required only a simple majority in the first place. To put forward such a deal now would require two things: Lloyds' agreement not to insist on representation on the merged company's board, and enough sheer cheek from Abbey to send out the same merger document twice.

Abbey would presumably prefer not to antagonise major shareholders in this way, but it may have little choice. Lloyds still seems to be insisting that it will do the deal on ideal terms, or not at all. And to make the merger acceptable to shareholders without any sleight of hand on the size of the minority would require that Lloyds give up the idea of controlling Abbey, or pay more for the privilege. It is difficult to see why Lloyds should do either just at the moment.

The Abbey-for-sale sign has been up for so long that Lloyds would be forgiven for thinking itself the only suitor; and if it is alone in that role, it can only gain by making Abbey squirm.

Judging by yesterday's full year figures, BOC is not quite as immune from the cycle as it would have us believe. Industrial gases have had their best year's volume growth since the recession, thanks at least partly to the worldwide boom in industrial investment; and in the US, where the market is at its most cyclical, profits from gases have jumped by 20 per cent. It is true that the business has more contractual stability than most industrial suppliers, and by comparison with the last recession, far more of BOC's output now goes to consumer industries like frozen food. But in giving the shares a price-relative pattern

not unlike ICI's in recent years, the market is expressing a degree of caution. Then again, it is not every company that forecasts dividends nine months ahead - nor indeed, has its projected US profits for next year entirely hedged at \$1.67. Despite earnings growth this year likely to equal the UK average, at 41p the shares are at a discount of over 12 per cent to the market. There is scope for some re-rating, but not much: unless, of course, someone else spots the attractions of an enormously cash-generative company now near the peak of its own internal investment cycle.

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WORLD WEATHER

Table with columns for location, temperature, and weather conditions for various global cities.

Spain and Portugal become members of Western Union

By Robert Mauthner, Diplomatic Correspondent, in London

SPAIN and Portugal yesterday formally became members of the Western European Union, subject only to parliamentary ratification by the nine member countries, thus completing the integration of Madrid and Lisbon into the Western world's main international organisations.

Their entry into the European defence grouping, which at its founding in 1948 was the first expression of Western Europe's identity after the Second World War, was symbolised by the signature of a Protocol of Accession by the foreign ministers of the Nine at their regular six-monthly meeting in London.

The two countries, which are already members of the European Community and the North Atlantic Treaty Organisation, began negotiations to join the WEU barely seven months ago.

main problems involving Spanish membership of Western defence organisations were circumvented rather than solved.

However, Sir Geoffrey Howe, Britain's Foreign Secretary and chairman of the meeting, claimed that the discussions had not been a formality.

Both countries had made clear their willingness to accept and implement the Brussels Treaty, as modified in 1954, as well as other basic documents setting out the organisation's guiding principles, in particular the Defence Platform adopted last year.

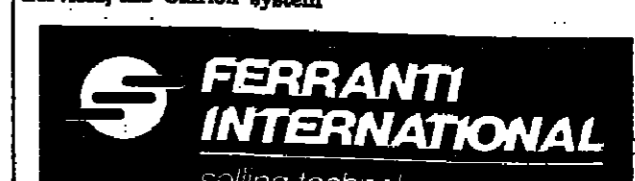
The speed with which the negotiations were completed is an indication that some of the

an adequate level of defence spending. Spain, for its part, planned to make contributions to the common defence effort through co-ordination agreements with Nato chiefs.

Spain has won several concessions to take account of its special attitude towards nuclear problems and Nato's defence arrangements. It has refused to become a member of Nato's integrated military command. Other WEU members have accepted this special status within the Alliance. Madrid will also not be required to accept nuclear weapons on its soil.

Finally, to prevent the perceived risk that Britain might take the Gibraltar dispute to the International Court in The Hague, agreement has been reached that any dispute which arises between Spain and another member before Spain's entry into the WEU will not be submitted to the Hague Court, as provided for in the original Treaty.

Advertisements for AVIONICS (Aeritalia to join TIALD consortium), COMPUTER SYSTEMS ('Clarion' answers the call), and KANGOGO FOR FERRANTI.



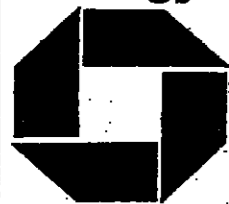
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INSIDE

Chase sharpens its strategy for 1992

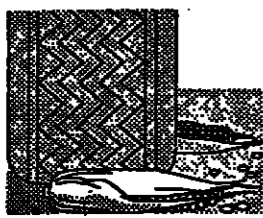


Chase Manhattan is adjusting its European strategy ahead of the creation of the unified EC market in 1992. The third largest US bank has decided to concentrate on wholesale banking services for major corporations and upmarket private banking for individuals.

All eyes on Vienna

Tomorrow's pricing of the share issue for Verbund, Austria's leading utility, brings to an end one of the most sophisticated and successful marketing campaigns aimed at expanding Austria's small capital markets.

Zambian crops rot by roadside



The production of maize is the single most important element in Zambia's domestic consumer economy. But through gross mismanagement and waste, the country loses an average 23 per cent of each year's crop.

particularly dismal. This year's performance has been particularly dismal. The state organisation responsible for maize collection is in disarray, and 50 per cent of what promised to be a bumper harvest has been left to rot by the roadside.

A rap on the knuckles for securities regulators

Since the world stock market crash a year ago, little if any progress has been made on the global coordination of securities regulation needed to prevent destabilisation of the world's financial system.

BOC breaks through £300m



BOC, the UK industrial gases and healthcare group, has reported pre-tax profits in excess of £300m (£540m) for the first time. Mr Richard Giordano (left), chairman, said, "although the US and other economies were expected to pause, BOC had enough momentum to generate another year of good growth."

The group's investment programme had paid off, since the capacity was in place to meet the increased demand resulting from a surge in capital spending in the industrial economies.

Market Statistics

Table with 2 columns: Index Name and Value. Includes Base lending rates, Benchmark bank bonds, European options, FT-100 index, FI-A indices, FI-B indices, FT 100 index, Financial futures, London recent issues, London share service.

Companies in this section

Table with 2 columns: Company Name and Share Price. Lists various companies like ASW Holdings, Aker, Alfred McAlpine, Allied Irish Bank, Auris, Australian National, Avdel, BOC, Babcock & Brown, Banner Industries, Barlow Rand, Beezer, Benelux (John A), British Syphon Inds, Carless, Celer Ajan Holdings, Chase Manhattan, Citicorp, Control Data, Daliko, Dixon, Dowty Group, Elders DL, Fairbairn, Financial Times, Five Oaks Investment, Fuji Heavy, Gencor, Gold Fields.

Chief price changes yesterday

Table showing price changes for various commodities like Wheat, Soyabean, Corn, Puffed Wheat, Sugar, Cocoa Beans, etc. in Frankfurt and New York.

London Prices at 12.55

Table showing London prices at 12.55 for various stocks like Shell, BP, British Telecom, etc.

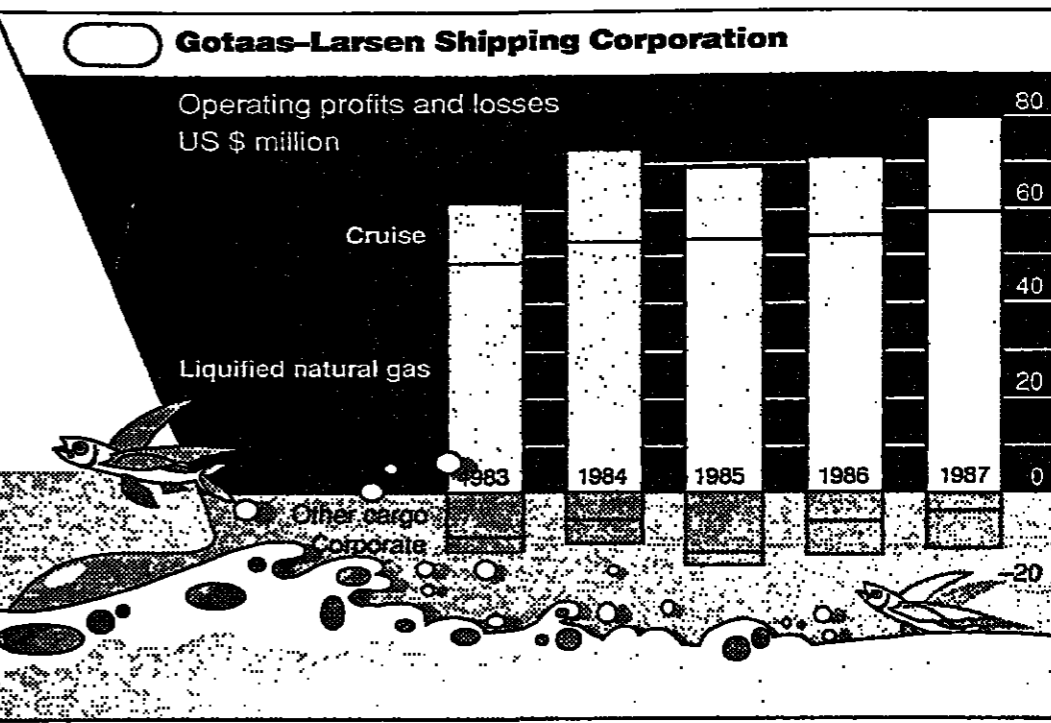
Secretive twins set to join top shipowners

Kevin Brown on the Barclay brothers, the British financiers who have bid for Gotaas-Larsen

THE Barclay twins, the British financiers who own the Mirabeau in Monte Carlo and the Mirabeau in London, are likely to join top shipowners in the near future. The brothers own a substantial London property portfolio acquired recently for £120m (£216m) from Mr Alan Bond, the Australian brewing magnate. In the US, they own a controlling 84 per cent stake in Gulf Resources and Chemical Corporation, through which they launched an abortive £750m bid two years ago for Imperial Continental Gas Association.

through their hands. They still own the Howard in London and the Mirabeau in Monte Carlo. The brothers also own a substantial London property portfolio acquired recently for £120m (£216m) from Mr Alan Bond, the Australian brewing magnate. In the US, they own a controlling 84 per cent stake in Gulf Resources and Chemical Corporation, through which they launched an abortive £750m bid two years ago for Imperial Continental Gas Association.

sonal - there is no master company in the Maxwell mould - and there is little central control. Gotaas-Larsen, like most of the other businesses, will be left under the day-to-day control of its existing management. Mr Barclay says the brothers have no ambitions to move into the quoted sector. "Being a private company is a luxury which allows you to retain personal control of your own business without having to answer to shareholders, and allows you to take a long-term view."



going through a management shake-up this year. The company was originally Norwegian-owned, but was acquired by IU International, the US conglomerate, before being spun off on the US over-the-counter market in 1973, mainly to institutional shareholders of its former parent.

Royal Admiral cruise line, which eventually went for \$75m to Wilhelmson of Norway. Despite this, Gotaas-Larsen had several attractions for the Barclays: its fleet of 18 ships is modern and well run, and generates a strong cash flow. Most of the profits come from five LNG ships, all of which are on long term charter.

wegian shipbrokers, says the world tanker fleet is likely to grow by 1 1/2 to 2 per cent next year, compared to forecast growth in demand of 2.3 per cent. This implies that VLCC rates, which have improved from around \$12,000 per day early this year to around \$22,000 per day, should continue to rise (though they are still well short of the level of around \$30,000 per day required to justify replacement of ships).

Abbey Life fails to gain approval for merger plans

ABBHEY LIFE, the UK-based unit-linked life insurer, last night began seeking a new way to win approval for a merger with five Lloyds Bank insurance and financial services businesses after large institutional shareholders voted down its original proposal. At a two-hour meeting at London's Savoy Hotel yesterday, plan in principle, by a margin of nearly 20 per cent of votes cast. Abbey's board failed though to gain the 75 per cent majority required to pass four special resolutions enabling it to amend its articles to implement its plan to buy five businesses from Lloyds, which would give the bank 57.6 per cent of the enlarged group.

Mountleigh sacks top executive

MR JOHN DUGGAN was sacked yesterday as chief executive of Mountleigh, the UK property group, he was trying to restructure. His departure comes a month after he took the post to strengthen Mountleigh's management. It follows a series of disagreements with Mr Tony Clegg, who built up the company and was chairman and chief executive until illness led him to install Mr Duggan as chief executive. Mr Clegg now resumes both positions.

Aachener pays DM700m for a 25% holding in Volksfürsorge

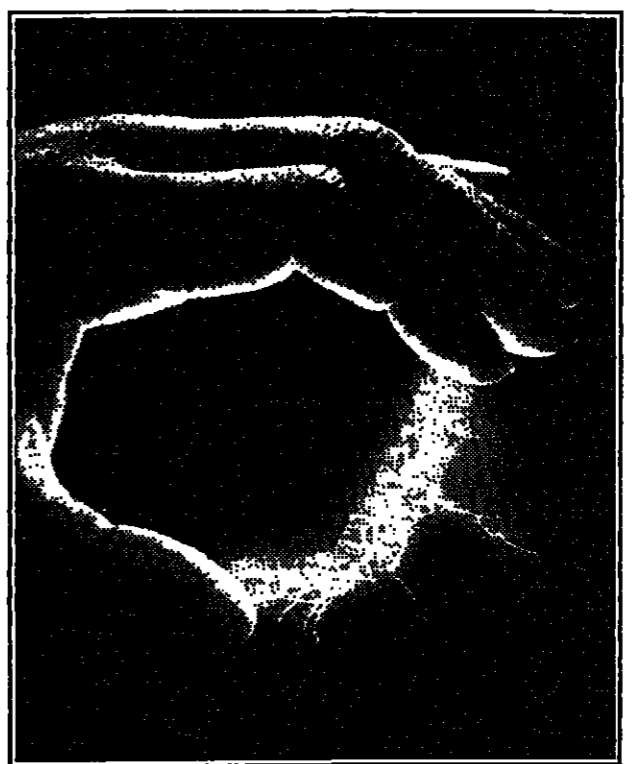
AACHENER und Münchener (A&M), West Germany's fifth biggest insurance company, which is 20 per cent owned by Royal Insurance of the UK, is to buy a 25 per cent stake in Volksfürsorge, one of Germany's biggest insurers, in a deal which will catapult it into the second place in German insurance behind Allianz, Europe's biggest insurer. A&M is paying around DM700m (\$420m) for a stake of 25 per cent plus one share in Volksfürsorge, which is owned by Germany's trade unions through their holding company, the Beteiligungs-gesellschaft für Gemeinwirtschaft (BGAG).

La Fondiaria, the leading Italian insurer, with which A&M has had a long business relationship, is buying a similar-sized stake, giving the two groups overall control. La Fondiaria, which is majority owned by the Ferruzzi group, is Italy's ninth largest insurer group, but has so far had a relatively modest presence elsewhere in Europe. A&M will be responsible for managing the concern.

Framatome seeks US expansion

FRAMATOME, the French nuclear power plant manufacturer 40 per cent owned by the privatised Compagnie Générale d'Electricité (CGE), is negotiating an important joint venture agreement with Babcock and Wilcox of the US in an effort to expand its presence in the North American nuclear power market. Although Framatome said yesterday the talks were only at a preliminary stage and that no agreement had yet been signed, the French group also suggested they involved more than a co-operation agreement in the nuclear field with the US group.

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INTERNATIONAL COMPANIES AND FINANCE

Control Data forecasts loss for fourth quarter

By Roderick Oram in New York

CONTROL DATA, the US computer group struggling to make a major reorganisation say off, expects to report a fourth-quarter loss that could cancel out its slender profits from the first nine months. It expects to break even for the year but any further slippage would give it its fourth annual deficit in a row.

The stock market, concerned by the latest delay in the company's recovery from its mid-1980s financial crisis, knocked its shares down 1% to \$17, a discount of some 30 per cent from the company's book value. Net profits so far this year totalled \$14.5m or 34 cents a share, including a \$7.2m extraordinary gain.

Minneapolis-based Control Data said problems in its computer products division were the main reason for its loss forecast. In particular, its Cyber 960 mid-range computer has suffered production start-up delays compounding

an earlier shortage of semiconductor.

Mr Robert Price, chairman, said the company believes the business will be made up in subsequent quarters. "The bulk of the change (in outlook) is due to timing as opposed to lost business."

Two other key businesses, VTC which makes semiconductors and Government Systems, are also experiencing weaker than expected demand. On the positive side, analysts believe its imprimis disk drive division is holding its own and its business services division is outperforming its plan.

"They were playing with only a thin margin to begin with and they had expected to take only a small step forward," said Mr Kurt Rivard, an analyst with Dain Bosworth in Minneapolis. "Now they're taking a step backwards."

Not all the difficulties are of Control Data's making. For example, the US market

for mid-range computers is generally weak, Mr Rivard said. But it continues to wrestle with a number of problems such as software delays that have hurt sales of its new ETA range of supercomputers.

"We won't have any problems getting through the present period," said Mr John Buckner, Control Data's chief financial officer. The company had negative cash flow totaling \$28m by the end of the third quarter and started the fourth quarter with \$80m cash. He was optimistic, however, that it would be in a positive cash position at year-end. He forecast a positive cash flow in the first quarter of next year.

If it does need further funds, it can draw on a \$100m line of credit established this summer with a group of nine banks. Its total debt is currently about \$390m, or some 40 per cent of total capital, down by about \$45m from the beginning of the year.

K mart heads for record results

By Our Financial Staff

K MART, the second largest retailer in the world, is expecting record sales and earnings this year after a strong performance in the first nine months.

The US group saw sales accelerate in the third quarter, compared with the rate of increase in the first half of the year, and it is optimistic about the coming Christmas season. K mart said sales had been boosted by lower shelf prices, a strengthened advertising programme and various merchandising programmes.

For the third quarter the group, which has been revitalising its discount department stores, reported record earnings and sales. It lifted net income to \$126.1m or 63 cents a share, from \$110.1m or 54 cents last time, on sales of \$6.4bn, compared with \$5.97bn. Gross margins in the quarter were down, however, from 27.4 per cent to 26.9 per cent, partly because of the lower shelf prices.

Net income in the first nine months rose to \$409.7m or \$2.04 a share, from \$371m or \$1.82 in the same period last year, on sales of \$18.9bn, compared with \$17.9bn. In 1987 full-year sales were \$35.6bn.

K mart said it was continuing to make progress in its inventory management and expense control programmes which are enabling it to reduce labour costs further by monitoring sales and inventory more effectively.

At the end of the latest quarter, 1,113 stores were linked to its point-of-sale systems, compared with 729 a year ago. The effectiveness of the group's cost control is reflected in reduction in the selling general and administrative ratio which fell by 0.3 per cent, compared with the same period last year.

Big B, the US discount drug stores group, lifted third quarter net earnings to \$741,000 or 10 cents a share from \$639,000 or 8 cents.

Nine-month net income was \$4.9m or 67 cents against \$3.9m or 50 cents. Sales rose to \$188.3m from \$178.4m.

Chase adjusts European strategy

David Lascelles reports on the US bank's planning for EC 1992

Chase Manhattan, the third largest bank in the US, is adjusting its European strategy in anticipation of the creation of the unified EC market after 1992.

The bank has decided to concentrate on two areas: wholesale banking services for major corporations, particularly corporate finance, and upmarket private banking for individuals. With one or two exceptions, operations which do not fit into these areas are either being sold or transformed.

Mr Thomas Labrecque, Chase's president, said after a European tour last week: "We fundamentally have said to ourselves, no matter what happens after 1992, there will be a role for us."

Chase takes the view that it cannot compete directly with the major local banks in EC countries. "It would be insanity for me to think about spending a dollar on that," said Mr Labrecque. Instead, Chase intends to develop its strengths, which it sees as its banking expertise, its large execution capability and global reach.

Chase's European strategy

will be centered on the UK, where it has set up a large data processing facility in Bournemouth, and has installed London-based specialists in corporate finance, risk management and banking services to support the smaller offices on the continent. In the City, Chase also has its securities operation, created at the time of the Big Bang.

Typical of the changes envisaged by Chase was its decision a year ago to sell its Dutch offshoot, NCB, and pull out of the traditional banking market in the Netherlands. Now, Chase has only a dozen people there concentrating on corporate finance work.

A similar change of direction may occur in Belgium where Chase owns the Banque de Commerce. Mr Labrecque declines to discuss his plans for the bank, but a sale seems on the cards.

In Germany, Mr Labrecque foresees a greater emphasis on corporate finance to bring the Chase operation more in line with that in Paris, which he calls "more highly developed."



Thomas Labrecque: "If after 102 years we are told to close up shop... it's not going to happen"

time to offer include credit cards and mortgages in selected countries like the UK and Spain, where Chase now owns a bank which will be tailored towards the individual banking market.

ahead and have an extensive impact on the European market, despite doubts about its shape and form. He said: "It is clear to me that the activity seen so far of major European banks extending their banking capacity by buying rather than building will continue. But I expect to see them preserve the local identity of the banks that they buy."

Although he is concerned about the danger of the EC building a protective barrier around its integrated market, he doubts that it will affect Chase, which has had a presence in Europe for more than a century. He commented: "If after 102 years we are told to close up shop... it's not going to happen."

Mr Labrecque also believes that sufficient progress will be made on US bank law reform between now and 1992 to remove any problems about reciprocal access to the EC market. He expects that banks in the US will be able to adopt holding company structures which will enable them to enter types of business from which they are currently barred.

Ramada to sell restaurants and hotels side

RAMADA, the US hotels, gaming and restaurants group, is to sell its hotel and restaurant businesses, refinance its debt, and pay shareholders a cash dividend of at least \$7 a share as part of its previously announced restructuring plan.

Net income of \$9.8m is projected for 1988, against \$6.3m for 1987. No figures are forecast for 1989, reported Reuters.

The company said it had sent shareholders details of the restructuring plan as an alternative to a \$10 a share bid by the Pritzker family, earlier rejected as inadequate. Ramada said the Pritzkers offer expired on November 2 and has not been renewed.

Ramada added that the restructuring was designed to transform the company into primarily a gaming business.

The group said once it sells its hotel and restaurant businesses, the associated debt of about \$233m will be eliminated, and a substantial part of the remaining debt will be refinanced or renegotiated.

Honeywell Bull unveils new mainframe computer

By Alan Cane

HONEYWELL BULL, the computer manufacturer owned jointly by Groupe Bull of France, Honeywell of the US and NEC of Japan, yesterday announced a new mainframe computer family which could help to slow or possibly reverse the steady erosion of its share of the world large computer market.

The new computers, the DPS 9000 range, are claimed to be the most powerful of their kind. The top-of-the-line DPS 9000/94T is said to be the first commercial computer system capable of processing more than 1000 transactions every second, more than three times as fast as any previous Honeywell mainframe. It costs about \$15m (\$27.25).

Transaction processing, where users conduct a dialogue with the computer using information that is continuously being brought up to date, is seen as an important trend in modern data processing. To date, however, large transac-

tion processing systems - airline reservation systems, for example, where thousands of check-in clerks are continuously monitoring seat availability - have been custom built using special hardware and specially written software programs.

The new Honeywell Bull machines are designed to appeal to large companies, government departments and public authorities running networks of several thousand terminals or workstations.

Honeywell Bull emphasises that its "open systems" philosophy means that it would be comparatively simple to incorporate one of its new computers in a network of machines from other manufacturers.

It is hoping that companies which would not consider using Honeywell Bull computers as their principal data processing system will be tempted by the transaction processing capabilities of the new range.

Gencor earnings ahead after 8 months

By Jim Jones in Johannesburg

GENCOR, South Africa's second-largest mining house, lifted attributable earnings by one sixth in the eight months to August 31, despite lower contributions by the group's gold and coal mining interests and a virtually unchanged contribution from platinum.

The house has changed its year-end to August 31 from December 31 and, on a comparable basis, the eight months' attributable earnings increased to R475m (\$198.4m) from R407m in the comparable period of 1987 and against R654m in calendar 1987.

Mr Derek Keys, the chairman, says gold's contribution dropped to R56m from R115m as mine operating profits declined and as Gencor sold gold investments to finance its participation in the new Oryx mine in the Orange Free state.

In Brazil the group has raised US\$90m to finance a doubling of its gold production in that country to about 330

kilograms a month. Mr Keys says the group's intention is that its Australian interests should be self-financing as, too, will be its British interests if subsidiary Malbak's bid for M.Y. Holdings succeeds. He does not expect any slowing of the South African economy to affect Gencor this year as group earnings are largely derived from exports.

During the past eight months, metals and minerals provided R140m of the attributable profit, against R95m in the corresponding 1987 period, largely because of higher sales and prices of ferro-alloy and ore exports. Coal's contribution fell to R11m from R18m as Trans-Natal was affected by lower exports and a deteriorating domestic market.

The group's next major projects are likely to be a syndicate venture to produce oil from a shale known as torbanite. The project's viability depends on financial inputs from the

state's Central Energy Fund, which has a 50 per cent interest in the venture. Mr Keys expects to be able to take a decision on the torbanite venture by June next year. It will be followed by an additional investment in off-shore gas production in 1992, when state-owned Soekor produces its first gas from fields south of the coastal town of Mossel bay. Gencor has a 20 per cent interest in drilling in the area.

Earnings were 435 cents a share against a total of 669 cents in 1987. A dividend of 180 cents has been declared. Last year, a total dividend of 250 cents was paid.

Vansa Vanadium, the South African ferro metals producer, suffered a pre-tax profit drop in the year to September 30, even though operating income increased with improved chrome sales and the commissioning of the new vanadium mine. Interest receipts dropped as cash resources were

absorbed by capital spending on the new mine.

The vanadium mine was commissioned in June and was operating at 60 per cent of design capacity by end-October. Full monthly production of 250 tonnes of vanadium pentoxide flake is expected by March next year.

The directors say chrome production and sales were satisfactory despite labour stoppages during the year. They expect demand for chrome ore to remain buoyant, due to the stronger ferro-chrome market.

Trading profit before interest receipts and tax payments was R6.1m against R5.5m previously and the pre-tax profit fell to R5.9m from R7.4m.

Vansa's other main interest is its holding of 7m shares in Barplats which is establishing a green fields platinum mine. Cost over-runs at the vanadium mine led Vansa to borrow R21m and the company has not declared a dividend.

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<i>County NatWest Limited</i>	<i>Crédit Lyonnais</i>
<i>Credit Suisse First Boston Limited</i>	<i>Goldman Sachs International Limited</i>
<i>Kleinwort Benson Limited</i>	<i>Leu Securities Limited</i>
<i>Merrill Lynch International & Co.</i>	<i>Mitsubishi Finance International Limited</i>
<i>Morgan Grenfell Securities Limited</i>	<i>Salomon Brothers International Limited</i>
<i>Société Générale</i>	<i>Swiss Volksbank</i>

INTERNATIONAL COMPANIES AND FINANCE

Land development boosts Japan property companies

By Gordon Cramb in Tokyo
JAPANESE property companies are showing substantial profit gains as the effects flow through from the country's land development boom.

along with Recruit Cosmos, the company currently embroiled in a securities scandal, and Daikyo, a specialist in this type of block.

Sales at Daikyo rose 22 per cent to ¥41.2bn. The company argues that attention will focus increasingly on the location and design quality of developments, where it believes itself well placed.

Barlow Rand moves up despite economy

By Jim Jones in Johannesburg
BARLOW RAND, the South African industrial and mining group, lifted its operating profit by almost half in the year to September 30 1988 and is confident of further growth.

Fuji Heavy profits down 12.4%

By Gordon Cramb in Tokyo
FUJI HEAVY Industries (FHI), maker of Subaru cars, yesterday disclosed a 12.4 per cent setback in interim pre-tax profits and forecast that the full-year outcome would be down by more than a quarter.

The unveiling of an updated Subaru range is still awaited, however.

its of ¥12bn. This compares with the ¥16.2bn achieved in 1987-88 and the company's earlier expectation of a modest rise this year to ¥16.5bn.

HK TV company split

By Michael Murray in Hong Kong
SHAREHOLDERS OF Hong Kong television company HK-TV yesterday approved a restructuring under which the group will be split into two separately listed units, one operating the television network and the other running other businesses such as publishing, merchandising, travel services and entertainment.

HK-TV resumes trading today after a short suspension, and the share price should fluctuate as the market re-evaluates the worth of the shares after the division of assets.

Ohbayashi moves up 10.2%

By Stefan Wagstyl in Tokyo
OHBAYASHI, the Japanese construction group, yesterday reported a 10.2 per cent increase in interim pre-tax profit to ¥12.7bn (\$101m), due to active public works spending and strong private sector construction.

Westpac plans to sell insurance businesses

WESTPAC, one of Australia's Big Four trading banks, is planning to offer for sale most of its general insurance and insurance businesses in the wake of a strategic review, Reuter reports from Sydney.

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INTERNATIONAL COMPANIES AND FINANCE

Dowty decides to sell coal mining equipment offshoot

By Clare Pearson in London

DOWTY GROUP, the UK engineering group, yesterday ended long-running speculation about its intentions towards its mining equipment division by announcing it was negotiating to sell the business, one of the biggest suppliers to the world's long wall coal mining industry.

This would be the nicest outcome, but we are looking at a number of options. He said the combined net assets of the mining division and the two smaller hydraulics concentrate were between £20m and £25m. Analysts suggested a price tag of between £20m and £25m might be in view.

Unilever profits up 14% to £410m

By Christopher Parkes, Consumer Industries Editor, in London

UNILEVER, the Anglo-Dutch consumer goods and food group, yesterday produced a 14 per cent increase in third-quarter pre-tax profits of £410m (£768m). In line with most London forecasts, the group managed a 7 per cent rise in sales to £4.49bn.

important factor in a 15 per cent rise in European operating profits, the company said, with edible fats and detergents making a significant contribution. Ice cream sales, which featured strongly in the second quarter's results, are also believed to have advanced again.

Guinness refused chance to appeal takeover ruling

By Raymond Hughes and David Waller in London

GUINNESS, the UK-based brewing and spirits group, has been refused the chance to make a final appeal to the Law Lords against a decision by the City of London Takeover Panel that the company broke the takeover code by its involvement in a concert party purchase of Distillers shares.

Nixdorf forecasts steady profits on higher turnover

By [Name] in [Location]

NIXDORF, the West German computer group, has forecast at least steady profits in 1988 and a turnover increase of 11 per cent to DM5.5bn (£3.2bn).

organisation should help earnings by optimising revenues while saving on costs. The group's steady profit would be sufficient to hold the dividend unchanged at the 1987 level of DM10.

each with worldwide responsibility for the types of customers it serves: banks, retailers, medium-sized businesses and institutions. The reorganisation takes effect from January.

restructuring would increase Nixdorf's presence in key areas worldwide, provide customer services more efficiently, accelerate product innovation, boost quality, improve cost structures and increase profitability.

Ares-Serono increases net income to \$34.9m

By William Dullforce in Geneva

ARES-SERONO, the Swiss-based pharmaceuticals group, yesterday reported a 42 per cent increase in net income to \$34.9m for the first nine months of 1988. Sales climbed 28.3 per cent to \$301m.

Among the developments recorded by Ares-Serono in the third quarter are the acquisition of Baker Instruments of Allentown, US, and the creation of the world's largest facility for treatment of Bourn Hall, UK.

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COMPANY NOTICES

INCO LIMITED Notice of Special Meeting. NOTICE IS HEREBY GIVEN THAT a Special Meeting of Shareholders of INCO LIMITED will be held in the Frontenac Ballroom, Convention Center, Harbour Castle West, Queens Quay West, Toronto, Ontario on December 9, 1988 at 9:30 a.m. for the purposes of:

LEGAL NOTICES

IN THE MATTER OF: THE COMPANIES ACT 1985 and IN THE MATTER OF: STETZEL THOMSON & CO LIMITED. NOTICE IS HEREBY GIVEN pursuant to Section 94 of the Companies Act 1985, that a General Meeting of the Members of the above named company will be held at Stetzel House, 5 Nott Street, London EC2V 7JZ, on Thursday 24th day of November 1988 at 10:00 o'clock in the forenoon.

INDIA

The Financial Times proposes to publish this survey on: 20th December 1988. For a full editorial synopsis and advertisement details, please contact: High Sutton on 01-248 8000 ext 3238 or write to him at: Bracken House 10 Cannon Street London EC4P 4BY

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FINANCIAL TIMES

CLIPPING & BUSINESS SERVICES

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday November 14, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns for COUNTRY, STG, US\$, D-MARK, YEN, and sub-columns for each. Lists exchange rates for numerous countries including Afghanistan, Albania, Algeria, etc.

Abbreviations: (A) Free rate; (B) Baseline rate; (C) Commercial rate; (D) Controlled rate; (E) Essential imports; (F) Financial rate; (G) Export; (H) Non-commercial rate; (I) Business rate; (J) Buying rate; (K) Selling rate; (L) Official rate; (M) Preferential rate; (N) Convertible rate; (O) Parallel rate; (P) Selling rate; (Q) Tourist rate.

INTERNATIONAL CAPITAL MARKETS

Hambros to expand trade in Australian securities

By Chris Sherwell in Sydney

HAMBROS BANK, the UK merchant bank prominent in the Euro-Australian dollar bond market, has made a strategic decision to enter Australia's domestic fixed interest securities market.

disconnected fixed rate Australian dollar markets, and nobody is arbitraging between them. Borrowers don't see them as alternatives. Investors don't either.

they regularly keep a small portion of their portfolio in Australian dollar securities. The new operation is designed to tap this interest, and also to serve as the link between the two.

The move represents an important extension of its existing business in the offshore Australian market to the domestic base which underlies it. In the process it adds a significant new player to the local capital market.

Over the past six to 12 months, according to Mr Bell, interest in domestic Australian dollar securities has widened, with up to one-third of outstanding semi-government paper now in overseas hands.

The bank even sees advantage for its existing business, because the move is a necessary step to extend its considerable distribution network to Australia. The expansion will take effect in January. It will involve the employment of between 12 and 15 people, the bulk of them in Sydney.

Mr Adrian Bell, an executive director of Hambros, said yesterday: "We see two completely

disconnected fixed rate Australian dollar markets, and nobody is arbitraging between them. Borrowers don't see them as alternatives. Investors don't either.

disconnected fixed rate Australian dollar markets, and nobody is arbitraging between them. Borrowers don't see them as alternatives. Investors don't either.

Nippon Credit in venture with ex-Hutton traders

NIPPON CREDIT Bank, Japan's third biggest long term credit bank, is setting up a joint venture with eight former E.F. Hutton executives to form a securities company in the US. Reuters reports.

The venture, which will trade in Treasuries, municipal bonds and agency debt, will begin with \$50m of capital, 85 per cent of which will be put up by the eight former Hutton individuals who supply the remaining 15 per cent.

Kuwait SE to list foreign companies

THE KUWAIT Stock Exchange plans shortly to list foreign companies as part of plans to revitalize trading. Reuters, the international company, have applied for a listing and have met the exchange's requirements.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Country, Issued, Bid, Offer, and Yield. Includes sections for US DOLLAR, YEN STRAIGHTS, DEUTSCHE MARK, and FLORIN RATE.

TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES 01-739 4311

Advertisement for General Electric Company, featuring the text 'General Electric Company (Incorporated in the State of New York, United States of America)' and 'ECU 150,000,000 7 7/8 per cent. Notes due 1992'. Lists various banks and financial institutions.

MARKETS
Trade
ities

INTERNATIONAL CAPITAL MARKETS

OECD cool on two-way securities pacts

By Norma Cohen

THE ORGANIZATION for Economic Co-operation and Development criticized progress on international securities regulation, saying that the bilateral approach most frequently used is likely to be ineffective.

The OECD report runs counter to the approach of the UK, which has been pushing bilateral agreements with its chief securities watchdog, the Securities and Investments Board (SIB) and foreign regulators. So far, agreements have been signed with regulators in at least seven countries, including the US, Switzerland and West Germany.

Securities regulators have secured the most co-operation from each other in the arena of market manipulation, where law enforcement authorities have agreed to exchange information. But capital market developments in several areas raise more complex regulatory issues that cannot be effectively addressed through bilateral agreements, the OECD report says.

Strong start for CBOE index contract

By Deborah Hargreaves in Chicago

SOME 400 traders packed the new pit at the Chicago Board Options Exchange amid a great deal of razzmatazz last Friday for the launch of the first stock index futures contract since last October's market crash.

US auction decision depresses Treasuries

By Janet Bush in New York and Norma Cohen in London

THE US Treasury bond market reopened yesterday after its closure last Friday for Veterans Day and reacted negatively to news that the Treasury will auction 30-year bonds on Thursday as well as to continued dollar weakness.

reflecting the fact that it is payment day for last week's quarterly refunding.

Japan plans to ease further market curbs

A JAPANESE government committee has issued a report containing wide-ranging proposals to ease further controls in various areas of business, including further deregulation of the financial markets.

Activity slow ahead of US trade figures

By Dominique Jackson

TWO NEW issues in the Euro sector and an Australian dollar Eurobond were the sum total of primary market activity yesterday, indicating a lull in activity ahead of US and UK economic statistics due out this week.

Table with 5 columns: Borrower, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes entries for Eurocor, Halifax B.Society, Ferrovie dello Stato, AUSTRALIAN DOLLARS, YEN, Glaxo-Vienna, and Skopbank.

The report says banks and securities houses, whose business is now strictly separated by law, should be allowed to expand into each other's areas against the background of fair competition.

Trading was lacklustre in the fixed rate sector of the Eurodollar market with many dealers reportedly loath to unload paper while the dollar remained under pressure on the foreign exchanges.

in the Portuguese economy over the last half decade. Rates of growth are now among the highest in Europe while investment, both domestic and foreign, continues to be buoyant. Both inflation and the public sector deficit have been significantly reduced of late while its recent entry into the European Community has given Portugal an improved international profile and access to numerous development funds, enabling it to effect long overdue improvements to national infrastructure.

However, significant arbitrage business will have to wait for the development of deep liquidity in the new contract and that would involve attracting institutional participation. Institutions have seen little need to offset risk with stock index contracts in the recent stock market torpor.

GOVERNMENT BONDS

market events last Friday when the bid made for the Industrial Average plunged and the dollar fell steeply. The dollar recovered somewhat over the weekend. This helped bonds limit losses somewhat but the market was undermined by news that the Treasury is to sell \$9bn in 30-year bonds on Thursday.

The Bundesbank announced details of a new Federal railway bond, The DM2bn 10-year bond has been assigned a 9 7/8 per cent coupon with an issue price of 99 1/4 per cent. In the grey market, the issue was seen bid at 1.25 less to 1.20 per cent, giving it a yield of about 6.55 per cent, about equal to yields on mortgage bonds.

BENCHMARK GOVERNMENT BONDS

Table with 8 columns: Coupon, Red Date, Price, Change, Yield, Wash up, Month ago. Includes entries for UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, and Australia.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with 10 columns: Index No., Day's Change, Est. Earnings Yield, Gross Yield, Est. P/E Ratio, Index No. (1988), Index No. (1987), Year ago (approx). Includes sections for EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST, and FT-SE 100 SHARE INDEX.

RISERS AND FALLS YESTERDAY

Table with 2 columns: Rises, Falls, Some. Lists British Funds, Corporations, Dominion and Foreign Bonds, etc.

LONDON RECENT ISSUES

Table with 10 columns: Issue Name, Amount, Price, Date, High, Low, Stock, Closing Price, Change. Lists various equity issues.

FIXED INTEREST STOCKS

Table with 10 columns: Issue Name, Amount, Price, Date, High, Low, Stock, Closing Price, Change. Lists various fixed interest stocks.

RIGHTS OFFERS

Table with 10 columns: Issue Name, Amount, Price, Date, High, Low, Stock, Closing Price, Change. Lists various rights offers.

TRADITIONAL OPTIONS

- List of first dealings, last dealings, and last declarations for various traditional options.

LONDON TRADED OPTIONS

Large table with multiple columns showing call and put options for various indices and stocks, including dates and prices.

Table showing average gross redemption yields for various durations and coupon rates, including British Government and Index-Linked options.

Adopting index 1776.5; 10 on 1787.0; 11 on 1795.5; 12 on 1794.9; 13 on 1796.5; 14 on 1797.5; 15 on 1797.2; 16 on 1797.4; 17 on 1794.1; 18 on 1791.1; 19 on 1789.1; 20 on 1788.0 and 21 on 1787.0. Values and position changes are in pence unless stated. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, by post 34p.

November 14, Total Contracts 44,007. Call 24,158. Put 19,849. FT-SE Index 1796.5. FT-SE Index 1796.5. *Underlying security price.

UK COMPANY NEWS

Broadly-based advance takes BOC over £300m

By Vanessa Houlder

A STRONG, broadly-based, performance helped BOC, UK industrial gases and healthcare group, to announce yesterday its first set of annual pre-tax profits to exceed £300m.

Profits rose by 15 per cent to £301.5m (£263.2m) on turnover up by 8 per cent to £2,565m (£2,266m) for the year to 30 September. The figures were in line with analysts' forecasts, although in a falling market the shares lost 1p to 414p.

Mr Richard Giordano, chairman, said he was pleased with the results, which partly reflected the strength of the economies in which BOC traded. Although the prolonged boom in the US and other economies was expected to pause, BOC had more than adequate momentum to generate another very satisfactory year of growth.

The 14 per cent rise in operating profit in the gases business to £225.3m (£196.8m) was particularly rewarding, said Mr Giordano. The substantial investment of past years had paid off, since the capacity was in place to meet the increased demand resulting from a surge in capital spending in the industrial economies.

Health care operating profit

rose by 10 per cent to £88.8m (£81.3m), helped by strong results from the anaesthesia pharmaceuticals business and the anaesthetic equipment and patient monitoring systems business.

However, Glasrock, the US home health care business, suffered a small loss due to continuing problems with a computer-based management system being introduced. Mr Giordano said installation was "frustratingly slow" but the system was expected to be installed throughout the US branch network in 1989.

BOC was very optimistic about a clutch of new drugs for the anaesthetics and muscle relaxant fields that were now entering clinical trials, said Mr Giordano. At least one of the eight products under test was likely to be successful and go on sale in the early 1990s.

The special products and services businesses increased operating profits from £32.5m to £41.2m following a good year from the vacuum technology businesses.

Capital spending on new plant, equipment and acquisitions exceeded £550m. In the current year it is likely to range between £500m and £580m. Borrowings have risen

from £450.9m to £507.3m. Acquisitions made during the year included Selox, the largest privately owned US gases company, and Spec-tramed, a US medical equipment manufacturer, part of the home health care division of Baxter Travenol. A further 28.3 per cent stake in The Commonwealth Industrial Gases Co, Australian subsidiary, brought its holding to 87.5 per cent.

The principal disposals were the Carbon and US-based Carbide businesses which incurred a £3.7m extraordinary loss, of which £3.2m was a tax charge. BOC had again hedged against fluctuations in the dollar by selling forward all its projected US earnings for 1989 at \$1.57.

With a reduction in its tax charge from 28.5 per cent to just below 28 per cent, earnings per share rose by 22 per cent to 44.27p (36.32p).

In accordance with the new dividend policy announced last month, the directors have declared a total dividend of 16.6p per share for 1988, to be paid in two equal amounts in February and August. The total dividends represent a rise of 23 per cent on dividends of 13.5p for calendar 1988.

See Lex

Struggle of the trader and the accountant

Paul Cheeseright on the effect on Mountleigh of the boardroom's differences of style

TURMOIL AT Mountleigh, mercurial property company, has left the market with more questions than answers.

As Mr Tony Clegg, back in the seats of both chairman and chief executive, resumes full control, it is not clear how he will develop the company.

Mr John Duggan, whom he installed as chief executive a month ago, had been attempting to wind down the gearing and build Mountleigh as an investment company with a development arm.

That though had never seemed Mr Clegg's style: he was, and presumably remains, a trader, an entrepreneur.

But it may be that Mr Clegg will not be in full control at all. Certainly he retains the prestige as the man who built the company up, but he has no shareholding now.

He sold the 5.4 per cent stake he and his family controlled to a consortium of which he is a member for 180p a share. Now that consortium has sold the stake to a company controlled by SASEA Holding of Geneva for 200p a share. So Mr Clegg has managed to sell some of his shares twice in about five

weeks.

SASEA, with 13.7 per cent, is now the biggest single holder of Mountleigh equity. According to the last annual report, the only other shareholder with more than 5 per cent is the Universities Superannuation Scheme with 5.7 per cent.

The sale by the consortium of the old Clegg holding, coming on top of the purchase of shares it had already made - 7.6 per cent from Newcombe Investments - gives SASEA a convenient platform for a full bid.

But the members of that consortium included Mr Duggan for a very short period - he walked out of it after Mountleigh's merger talks with Wembley, the sports stadium proprietor, were called off - and Mr Brian Wolfson and Mr Geoffrey Simmonds. These two were both brought on to the Mountleigh board last month.

And here lies the next uncertainty.

If the reason for their arrival on the board has disappeared, perhaps Mr Wolfson and Mr Simmonds will soon be resigning, leading to more upheaval on the board. (Mr Hamish Bethune, another non-exec-

utive director, resigned last week.) What might prevent this would be a resumption of the Mountleigh-Wembley talks.

Mr Wolfson is the chairman and chief executive of Wembley and Mr Clegg is on the Wembley board. Evidently the terms of a merger had been agreed, but were stymied by Mr Duggan on the grounds of price. He did not want funds which had been drawn in from a series of de-gearing sales to be turned round into a Wembley merger. The difference of approach between Mr Duggan and Mr Clegg is at least one reason why the two parted company yesterday.

A Wembley deal, however, would be made easier for Mr Clegg if Mountleigh received £350m, the price believed to be on the table, from the sale of Galerías Preciados, the Spanish department store chain, to the Galerías Consortium. This is the company set up by SASEA, helped by London merchant bank Tranwood Earl, to hold the shareholding in Mountleigh and to bid for Mountleigh International, where the main asset is Galerías Preciados.

The outcome of these negoti-



Tony Clegg - it may be he will not be in full control

of possible potential tax liabilities.

Importantly, the market will probably approve. The City has never been comfortable with the Spanish purchase, in spite of Mountleigh's efforts to persuade it otherwise with visits to Madrid for brokers to look at the operation. The costs of bringing the Galerías Preciados back to profit have been a factor depressing the Mountleigh share price.

Whether the market will approve of Mr Duggan's removal is another question. His departure, Wembley notwithstanding, reflects both the fact that Mr Clegg had more influence on the Mountleigh board than did Mr Duggan and also a fundamental difference of style.

One was a free-wheeling trader, the other a cautious accountant. One was tied to quick and growing profits in an earnings per share mentality, the other to careful asset growth and low borrowing at a time of high interest rates.

The market thrilled to the first set of characteristics until October 1987. It has distrusted them since.

ANI offers loan note option

By Ray Bashford

AUSTRALIAN NATIONAL Industries is offering a loan note alternative to its 148.5p per share cash offer for Aurora, Sheffield-based engi-

neering company. Aurora shareholders are being offered loan notes for all or part of their entitlement because they may have tax

attractions to certain holders, according to the formal offer document released yesterday.

Aurora rejected the £138m offer on grounds that it did not fully reflect the value of the shares and that a cash offer might create tax problems for certain shareholders.

Beazer refinances \$1.7bn Koppers purchase

By Philip Coggan

BEAZER, UK construction and aggregates group, yesterday announced it had reached agreement for refinancing the acquisition of Koppers, the US aggregates and chemicals group it acquired for \$1.7bn (£944m) in June.

Originally the acquisition of Koppers was made by BNS, a financing vehicle of which Beazer only owned 49 per cent. This structure was designed to keep the Koppers debt off Beazer's balance sheet, but under the terms of the new deal, Koppers will become a wholly owned subsidiary.

Since the acquisition Beazer has been able to revalue Koppers' assets by £360m and has found that the chemicals and aggregates divisions are performing ahead of expectations. The board therefore feels that a refinancing is appropriate.

BNS's original borrowings

were set to be replaced in December by "merger finance" of \$1.83bn, of which about \$570m would be high-yielding debt securities and "junk bonds." Instead, a syndicate of banks - Citibank, National Westminster Bank, Barclays Bank and Mellon Bank - is underwriting a \$2.3bn facility, including \$400m in loan finance pending disposals of Koppers' businesses.

Beazer will use the funds to purchase the majority stake in BNS, currently owned by Shearson Lehman and National Westminster Bank. Gearing will be about 150 per cent following the proposal, but it is estimated that the refinancing will result in interest savings of about \$25m a year.

Elders allowed to keep shares

By Lisa Wood

THE GOVERNMENT announced yesterday that Elders IXI, the Australian group, will not be forced to unscramble the controversial deals which took its stake in Scottish & Newcastle Breweries from 14.1 per cent to 23.6 per cent.

Lord Young, Trade and Industry Secretary, also rejected calls by the Labour Party and S&N that Elders be forced to sell the extra 9.5 per cent stake acquired in the market on Thursday. He said he had no powers to order a divestment in advance of a

recommendation from the Monopolies and Mergers Commission.

Elders provoked a political storm last Thursday when it bought 35.2m shares in a short period after the Office of Fair Trading announced that the £1.6bn bid from the brewer of Foster's lager for the Scottish brewer was being referred to the MMC.

Elders' action was seen by the Government as a breach of the spirit, if not the letter, of rules governing corporate practice after an MMC inquiry has been announced. Normal prac-

tice in the City is for share-buying to stop after a reference is made.

The DTI had said on Thursday that it would not seek to nullify the deals. An order taken out on the same day prevented Elders from buying any more shares and limited its voting rights to 15 per cent of the S&N capital.

Lord Young said: "No good purpose would be served, and harm could be done to third parties, by unscrambling the deals that took place in good faith in the marketplace."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend for last year	Total for last year
ASW Holdings -fin	5	Jan 21	-	5
Cater Allen -int	5.37	Jan 5	5.37	22.5
Faltrier -int	1.7	Feb 7	0.9*	3.4*
Isopad Int'l -int	1.5	-	-	-
Marshalls H'fax -int	2.25	Apr 6	2	7.25
Tubular Exhib S -fin	0.4x	-	-	0.4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. \$5Unquoted stock. ‡Third market. †For 16 months.

Marshalls Halifax up 70% to £12m

By Philip Coggan

MARSHALLS HALIFAX, the concrete products and brick company, yesterday revealed a 70 per cent increase in interim pre-tax profits to £12.06m from \$7.09m last year.

The half-time figures included a £2.5m profit from George Armitage & Sons, the engineering brick company which Marshalls acquired for £70m earlier this year. Mr David Marshall, chairman, said that the performance of Armitage was exceeding the company's original expectations.

Fully-diluted earnings per

share were 28 per cent higher at 14.5p (11.05p).

Turnover for the group was 37.5 per cent higher at £74.38m (£54.08m). Tax was \$4.19m (£2.52m). The interim dividend is increased to 2.25p (2.00p).

● COMMENT Marshalls has performed remarkably well in hanging on to its 40 per cent share of the rapidly growing concrete block paving market. Such a high market share obviously has its long-term dangers; the purchase of Armitage was there-

fore welcome, although many thought the price was high. Over the long term, Marshalls' management has shown it can perform and the Armitage acquisition will put it in a strong position for the 1990s. Inevitably, any slowdown in the construction market would affect the group but that danger is already reflected in the share price. Since pre-tax profits of £24m look attainable for the year, the prospective p/e is just under 9 on shares 4p lower at 234p. That rating looks good value for the long term.

Minorco adviser outraged by newspaper story

By Ray Bashford

LAZARD FRERES, the New York investment bank which is acting as adviser to Minorco, said yesterday that it was "shocked and outraged" by a newspaper report claiming it had leaked information about the £2.9bn offer for Consolidated Gold Fields before it was announced.

The report in the Sunday Times alleged that Lazard Freres gave information to Newmont Mining, a Gold Fields associate company in the US, prior to the announcement of the Minorco bid.

The investment bank said that Newmont asked it last August to act for the company. Mr Gordon Farber, the Newmont chairman and director of Gold Fields was aware that Lazard Freres was financial adviser to Minorco when the request was made, according to the investment bank.

"A decision was made to tell Newmont that Lazard's client, Minorco, was assessing its position vis-a-vis its shareholding in Gold Fields" and that Lazard could not act for Newmont," the bank said.

"Mr Ames (a partner in Lazard Freres) made no reference to a possible tender offer," the statement said.

Lazard said that the newspaper report was inaccurate and misleading and that it had acted with "appropriate discretion at all times."

Carless attacks Kelt's financing ability

CARLESS, the oil independent fighting a hostile bid from the smaller Kelt Energy, yesterday attacked Kelt's ability to finance the £210m offer, claiming that the predator may have the greatest difficulty in fulfilling the terms of its financing arrangements, writes David Walker.

In its formal defence document, posted to shareholders yesterday, Carless pointed to the fact that almost all the cash required to finance the

bid - \$191m out of the total - is to be borrowed, and that \$96m must be repaid within six months of the offer going unconditional.

Carless also said that its assets are being used as security for its existing loans, and that its bankers would not forsake their charge over those assets. Thus, said Carless, Kelt would not be able to proceed with its planned asset disposals.

Mr Alastair Locke, Kelt's

managing director, said yesterday that these arguments were inept, saying he was not concerned about the financing for the bid. "The timetable and the terms of the loan from the American Express Bank were requested by us in the first place."

He said that Kelt's options were not limited to disposing of Carless' assets. It could sell some of its own existing assets and could refinance some of the short-term debt, he said.

5 STRONG MANAGEMENT PERFORMANCE

4 OUTSTANDING FINANCIAL PERFORMANCE

3 BEST RANGE OF VANS AND TRUCKS

2 EXTENSIVE DEALER NETWORK

Leyland DAF

THE DRIVING FORCE FOR THE FUTURE

Leyland DAF

Avdel fights back against Banner bid

Avdel, the former Newman Industries, issued its defence document in its fight against a £102m bid from Banner Industries, the US group.

As part of its defence, Avdel is forecasting a final dividend of 1.8p (1p) making a total of 2.2p (1.5p) for the year.

The document carries a front page flag "Warning: Banner's gearing could seriously damage Avdel's health" and inside Avdel argues that a merged Banner/Avdel would be so highly geared as to threaten future investment in the Avdel businesses. If intangible assets are deducted, Avdel says a merged group would have a negative net worth of \$176m.

GMAC

1000 Grand Central Station, New York, N.Y. 10017

On November 15, 1988 holders of coupons from the issue of certificates of participation in the financing of the project, based on the certification of completion of the project, shall receive a total of \$20,000,000 in cash.

(1) Distribution of cash proceeds to the following:

(a) \$10,000,000 to the issuer.

(b) \$10,000,000 to the trustee.

The certificates also state the following as of 11:59pm on November 15, 1988:

(1) Cash proceeds received from the issuer.

(2) Cash proceeds received from the issuer.

(3) Cash proceeds received from the issuer.

(4) Cash proceeds received from the issuer.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Trustee

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UK COMPANY NEWS

Plessey expands traffic systems side in Europe

By Terry Dodsworth, Industrial Editor

PLESSEY, electronics group, launched a new pan-European development strategy yesterday with a deal linking its traffic systems division with similar companies in France and Spain...

FT to pay £5.5m for Spanish stake

By Raymond Snoddy

THE Financial Times yesterday confirmed that it had reached agreement to acquire a 35 per cent stake in Expansion, the Spanish financial and business daily...

Brit Syphon buy-out statement expected

By Andrew Hill

BRITISH SYPHON Industries, the merchandising and manufacturing company, should announce the details of a management buy-out this week...



Interim Statement for the half year ended 31st October, 1988

Results The Group has made a small profit in the half year to 31st October, 1988, less than in the equivalent six months last year...

Further Diversification

The Directors are pleased to announce that agreement in principle has been reached to purchase Sheppards Moneybrokers Limited from BAII Investments Limited...

Dividend

An unchanged interim dividend has been declared of 5.37p per £1 Ordinary Share costing £1,019,014 (1987: £1,019,014)...

1, King William Street, London EC4N 7AU Telephone: 01-623 2070

McLeod Russel in £16.8m bid

By David Waller

MCLEOD RUSSEL Holdings, the paint maker and plantations company, has made a £16.8m cash bid for Granyle Surface Holdings, a manufacturer of wood finishes and industrial paints...

McAlpine boosts housebuilding

By Andrew Hill

ALFRED MCALPINE, the UK building, civil engineering and construction group, is to merge Alfred McAlpine Homes, its housing subsidiary, with Canberra Group, a privately-owned housebuilder...

Guinness to sell Sonoma Vineyards

By Lisa Wood

GUINNESS, UK drinks group, has agreed to sell Sonoma Vineyards, a wine production, mail order and telemarketing company, to Klein Foods of California...

Ratners EGM adjourned

By Maggie Urry

RATNERS, jewellery retailer, yesterday had to adjourn the extraordinary meeting considering its £150.6m purchase of two businesses from Next...

Pernod awaits Panel decision

By Lisa Wood

THE full Takeover Panel is expected to announce later this week whether it has upheld its executive's decision that Pernod Ricard, French drinks group, broke the Takeover Code...

Laporte's £30m German buy builds core business

By Vanessa Houlder

LAPORTE INDUSTRIES, speciality chemicals company, yesterday announced plans to double its environmental care and hygiene business through the DM 85m (£30m) purchase of the industrial cleaners division of the West Germany-based Joh A Benckiser...

Five Oaks rises to £3m

By Clare Pearson

FIVE OAKS Investments, property company, increased its net asset value by 30 per cent to £3.04m in the year to end-June, whilst net asset value per share rose 26 per cent to 64.7p...

Turnover up by 7 per cent Operating Profit increases by 15 per cent

A good third quarter produced an increase in profit attributable of 14% over the corresponding period last year (at constant rates of exchange). In Europe improved margins were an important factor in an increase in operating profit of 15%...

Table with 3 columns: Third Quarter, Nine months, and Increase. Rows include Turnover, Operating Profit, Profit Before Taxation, and Profit Attributable to Shareholders.

Table with 3 columns: Third Quarter, Nine months, and Increase. Rows include Turnover, Operating Profit, and Profit Attributable to Shareholders for Europe, North America, and Rest of the World.



For copies of Unilever results statements, please write to: External Affairs Department, P.O. Box 68, Unilever House, London EC4P 4BQ.

LANDESBANK RHEINLAND-PFALZ NOTICE to the holders of Landesbank Rheinland-Pfalz - Girozentrale - A\$ 40,000,000 14% per cent. Notes due 1990

UK COMPANY NEWS

Fairbriar surges to £6m midway

By Fiona Thompson

FAIRBRIAR, Surrey-based property development and investment company, reported pre-tax profits sharply ahead at £6.21m for the six months to September 30 1988, against £2.31m last time. Turnover trebled to £20.83m from £6.95m.

Fully diluted earnings per share, following the one-for-one scrip issue in July, rose from 3.84p to 10.34p, and an interim dividend of 1.7p is declared, an 89 per cent increase on last year's 0.9p.

Mr Remo Dipre, chairman, attributed the rise to selling at least 45 Surrey houses in the £300,000-plus price bracket, and

the sale for £2.5m of a tract of land in Dorset.

Mr Dipre said Fairbriar had significantly expanded its property portfolio, mainly from self-developed commercial units, and was rapidly building up rental income from these units.

In particular, some developments currently under construction were expected to produce significant rental income streams.

The commercial and industrial developments were principally being retained for investment purposes and now represented a substantial part of the business.

Because of this, an independent professional valuation of certain fixed assets was commissioned. Total group net assets, including the valuation and retained profits from this period being reported, amounted to approximately £36m, equivalent to 95p per share.

The group had not experienced any significant softening in demand, despite concern over interest rates and their effect on the residential sector, said Mr Dipre. In the West Country particularly it remained strong.

Analysts are looking for full year pre-tax profits of £17m, putting the shares, 2p up at 185p, on a clearly cheap prospective p/e of 6.5.

no one's great surprise. An extremely shrewd land buyer, it often appears unrivalled in its ability to choose just the right site for development. Its land bank at the moment stands at four years. And despite the London market slowing, demand in Dorset remains strong. As a deliberate policy, the company has boosted the investment side, and expects rental income to reach £700,000 by the year end, increasing to £2.5m in 1990.

Analysts are looking for full year pre-tax profits of £17m, putting the shares, 2p up at 185p, on a clearly cheap prospective p/e of 6.5.

Analysts are looking for full year pre-tax profits of £17m, putting the shares, 2p up at 185p, on a clearly cheap prospective p/e of 6.5.

Tubular turns in £1.03m for 16 months

By Fiona Thompson

TUBULAR EXHIBITION Group, which provides hospitality chalets for exhibitions and sporting occasions, crowd control barriers and permanent and temporary seating, yesterday reported pre-tax profits of £1.03m for the 16 months to July 31 1988. When it joined the USM in October 1987, Tubular changed its year-end from March 31 to July 31, so there are no comparable figures. However, for the year to March 31 1987, pre-tax profits were £198,000. The results have been merged accounted. Turnover for the 16 months was £4.82m against £2.44m for the 12 month period.

Prior to the flotation, the company, basically a shell known as Djember Holdings, acquired Tubular Barriers and changed its name to Tubular Exhibition Group.

Sir David Floyd Ewin, chairman, said the introduction of the group's new hospitality chalets at the Farnborough Air Show and Cheltenham Races were enthusiastically received. Tubular had 171 single-storey and 89 two-storey chalets at Farnborough.

Interest payable was £26,000 (£31,000) and tax took £274,000 (£283,000). Earnings per share rose from 0.5p to 1.81p. A maiden dividend of 0.4p was declared.

Whitbread Inv rises

Net asset value of Whitbread Investment Company, the investment trust with over 93 per cent of its funds in the brewing sector, increased from 440p to 476.8p a share in the six months to September 30.

The trust announced an 18 per cent increase in revenue before tax to £5.36m (£4.56m). Net revenue and earnings per share rose 24 per cent to £4.02m (£3.23m) and 6.37p (5.12p) respectively. An interim dividend of 3.05p (2.8p) was declared.

Erskine House buy

Erskine House Group, office equipment distributor, has acquired ADS, London-based copier sales and servicing company for a maximum of £4.5m. The terms are linked to ADS achieving pre-tax profits of £2m in the 12 months to March 1990.

Erskine House will initially obtain 98 per cent of the capital through an injection of £2m and a payment of £100,000 to the two vendors.

Dixons expands

Dixons, is expanding its US chain of Silo stores. It has opened 17 free-standing shops in the Chicago area. This follows success earlier this year with 11 shops inside department stores in the area run by Marshall Fields.

Cater Allen pays up to £13.4m to purchase money broker

By Andrew Hill

CATER ALLEN Holdings, discount house, is diversifying into money broking - arranging the lending of money and gilt and equity stocks to market makers - with the purchase of Sheppard Money-brokers from BALI Investments, an Arab-owned French banking business, for up to £13.4m.

Cater said the move would reduce its dependence on operations sensitive to interest rate movements.

The discount house's market-making business suffered from the interest rate rises in June and August. Losses in those months were offset only

partially by profits in the rest of the period, and overall profits for the half-year to October 31 were slightly down on the equivalent period as a result. In line with other discount houses, Cater does not provide details of its interim results, other than declaring an interim dividend - unchanged at 5.37p.

Cater said the purchase of SML, for an initial £8m in cash, was part of its policy of developing into wholesale City-oriented businesses. A further sum, making a total of up to £13.4m, will be paid if SML makes a return on investment of more than 15 per cent in the

next three years. Mr James Barclay, Cater's chairman, said "severe Chinese walls" would allow SML to operate independently of the discount house's other activities. In particular, he said, SML, which was set up in 1985 to take over the money broking activities of stockbroker Step-pards and Chase, would not trade with the group's gilt-edged market making operation.

In the year to December 31 1987, SML made £1.75m before tax and has net tangible assets of £10m. The minimum payment of £8m is based on pre-tax profits of £1.2m this year.

De Savary buys 363-acre site

MR PETER de Savary, yachtman and entrepreneur, is buying, through Highland Participants, a 363-acre freehold site in southern England which includes Southampton (Eastleigh) Airport.

The land is owned by Finchamp, which Highland is buying for £2 and assuming liabilities and other expenses of £500; initial finance is through a short-term loan facility.

Highland is currently in discussion with a number of leading property companies with a view to maximising the potential benefits of the non-airport-related land for shareholders.

The site has direct access to the M27 motorway and to Southampton Parkway railway station. An outline planning application has been submitted in relation to part of it.

The airport is operated by Airports UK, part of the BAA group. Current net income generated by the assets acquired is some £2.3m annually.

ASW beats dividend forecast

By Vanessa Houldier

IMPROVED TRADING conditions have prompted ASW Holdings, formerly Allied Steel and Wire, to announce a dividend of 5p for 1988 - a 14 per cent increase over the 4.4p forecast at the time of the flotation in May.

Mr Chris Lyddon, finance director, said that during the year his firm had risen on the Continent by as much as 10 per cent for certain products. It

had previously been difficult to predict how prices would behave following the abolition of quotas at the turn of the year.

ASW was established in 1981 as a joint venture between British Steel and GKN. In September, ASW reported interim results for the first six months of 1988 which showed an increase in pre-tax profits on a

pro-forma basis from £10.2m to £13.2m.

Gent (SR)

The annual general meeting of Gent (S.R.) will take place at noon tomorrow at Painters' Hall, 9 Little Trinity Lane, London EC4. The time and place of the meeting were incorrectly reported in yesterday's FT.

Wellman restructuring continues with £3m sale

WELLMAN, the engineering group which has recently climbed out of heavy losses, is continuing its restructuring with the disposal of two subsidiaries for a net \$5.2m (£2.86m).

The directors intend to eliminate all preference dividend arrears and expect to resume ordinary payments for 1988-89. Wellman is selling Systems, its US subsidiary, and the related UK businesses, to its

US management, and will be investing \$1.25m in the buyout vehicle.

The companies - which make a range of engine glow-plugs, industrial heaters and furnaces - contributed £218,000 to Wellman's profits after interest and tax last year.

The company said that the offer from the US management gave it the opportunity to pull out of difficult and risky markets.

Cattle's purchase

Cattle's (Holdings), consumer credit financier and insurance broker, is paying £378,000 to acquire Southern Trust Financial Services. Finance is via the issue of 600,000 shares at 63p.

Southern Trust specialises in the provision of weekly collected consumer finance and the sale of household goods through a network of 85 agents.

It incurred a loss after extraordinary items of £307,000 last year but management accounts show that it made a pre-tax profit of £44,000 in the first half of the current year.

York Trust acquisition

By David Waller

YORK TRUST, financial services group run by Mr Neil Bailour, former Euro-MP, has bought Babcock & Brown (UK) International lease and money and financial futures broker, for an initial £12m.

The consideration will be satisfied by the issue of 17.5m ordinary shares and 11.1m con-

vertible, all of which will be retained by the vendors. If in the year to March 31 1989, Babcock's pre-tax profits exceed the £2.8m made in 1987/88, further consideration will be payable subject to a maximum £22m. This is likely to be satisfied by the issue of new ordinary shares.

COMPANY NEWS IN BRIEF

ATA SELECTION group has purchased 83 per cent holding in Printing Equip Finance from Beckett Group for £250,000 cash.

BLUESHED TOYS, USM-quoted toy manufacturer, is investing £12.4m in establishing a factory in Merthyr, Wales. The factory will create 400 permanent and 200 seasonal jobs over three years.

BSG INTERNATIONAL has acquired a 49 per cent interest in Base Srl, a car-based computer with a major share of the Italian child seat market. Consideration is £4.27bn (some £1.82m) of which £300m deferred until end next March. BSG has option to increase stake to 51 per cent after December 31 1991, and buy remaining 49 per cent after December 1994.

CANNON STREET Investments has agreed to acquire Leeds-based Nikkal Imports, importer of consumer elec-

tronic equipment, for an initial consideration of about £3.7m - £2.7m in cash to be paid on completion. This assumes Nikkal profits of about £1m in 1988. Further consideration up to £3.4m will be payable if aggregate profits to December 31 1991 exceed £8.8m. In 1987 Nikkal made pre-tax profits of £665,000.

ELLIS & EVERARD has paid an initial \$5.5m cash for Pioneer Chemical, a Dallas-based commodity chemical distributor. There is a further performance related consideration of up to \$3.6m. In 1987 Pioneer made pre-tax profits of \$470,000, and for the first half of 1988 earned \$98,000.

GREENE KING has acquired three prestige north London public houses for £3.25m cash. They are The George and The Hope and Anchor in Islington, and The Nelson in Wood Green.

MATTHEW HALL's acceptances received for 40m shares (51 per cent) and Amec has declared its offer unconditional; total acceptances received for 44.88m shares.

ISOPAD INTERNATIONAL, heat-control equipment maker which joined the market in May, made pre-tax profits of £903,000 (£912,000) for the six months to July 31, on sales of £8.45m (£8.53m). Fully diluted earnings per share 4.57p (5.42p) and interim dividend 1.5p.

KINGSTON OIL & Gas has entered a joint venture agreement with Greenland Petroleum, of Ohio, to begin the first phase of a drilling programme in Nobel County, Ohio. It has also acquired 100 per cent working interest in 19 Clinton formation wells from the CY Tung Group for \$284,000.

NEWMAN TONKES is acquiring Dixie-Pacific Manufacturing for a maximum \$6.1m cash; the

initial payment will be \$3.6m. Dixie makes architectural columns and specified millwork for the commercial construction sector, and was a division of Hobbs Industries. Annual sales are currently \$9m and yield pre-tax profits of about 10 per cent.

T&N is buying Sutcliffe Rubber Company, which makes automotive rubber to metal bondings, rubber mouldings and rubber linings for plant and conveyor rollers, for £1.2m cash.

WATERGLADE International has formed a company to locate and manage development and investment properties in West Germany.

WICKES has sold Midland Joinery and Kesma in a management buyout for £1.98m cash. The companies make softwood doors and windows and do not form part of core operations.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's final results.

Table with columns for Company Name, Meeting Date, and Dividend/Share Information. Includes companies like AAH, British Airways, De La Rue, etc.

AIB in bloodstock venture

By Kieran Cooke in Dublin

ALLIED IRISH Bank, Ireland's largest banking group, is developing and promoting a new company for investment in Ireland's multi-million pound bloodstock industry.

Leading Sires was launched yesterday with the aim of raising £15m (£4.26m) to invest in leading stallions at present at stud in Ireland.

Mr Denis Brosnan, chairman of Leading Sires and head of the highly successful Kerry

Group of companies, said £2.5m had already been committed to the project, with an AIB-related company committing £500,000.

Mr Brosnan said there was no shortage of people willing to invest in the bloodstock industry, in which Ireland was acknowledged as a world leader.

"There is the additional attraction for those of us who have an interest in bloodstock

of watching results, both in the sales ring and on the race track, and of the progeny of the stallions in which we have an interest," he said.

Ireland's bloodstock industry is believed to employ some 12,000 people and is a sizable foreign currency earner. AIB has had a special bloodstock section for three years and describes itself as principal banker to the bloodstock industry.

Winglaw Securities Limited advertisement for a £34,500,000 Secured Term Loan. Includes contact info for Bankers Trust Company and The Sumitomo Bank, Limited.

Winglaw Securities Limited advertisement for a £10,000,000 Zero Coupon Bond. Includes contact info for Maxwell Communication Corporation PLC and Bankers Trust Company.

Large advertisement for Lloyds Merchant Bank titled 'The Structure of our Merchant Bank'. Lists services like Development Capital, Corporate Finance, Bank Stockbrokers, and Investment Managers.

Ten times the European experience



**“The only complete resource
addressing in detail
the most important business issues
in your strategic planning
for 1992.”**

Initiative 1992 brings together an elite team of the CBI and ten leading British companies, whose combined knowledge of Europe has been galvanised into a detailed business resource that is unparalleled.

It presents this knowledge in a series of ten seminars dealing in detail with ten vital business topics, and provides specially written detailed reference books which explain the impact of the Single Market and the strategies to be adopted in the New Europe.

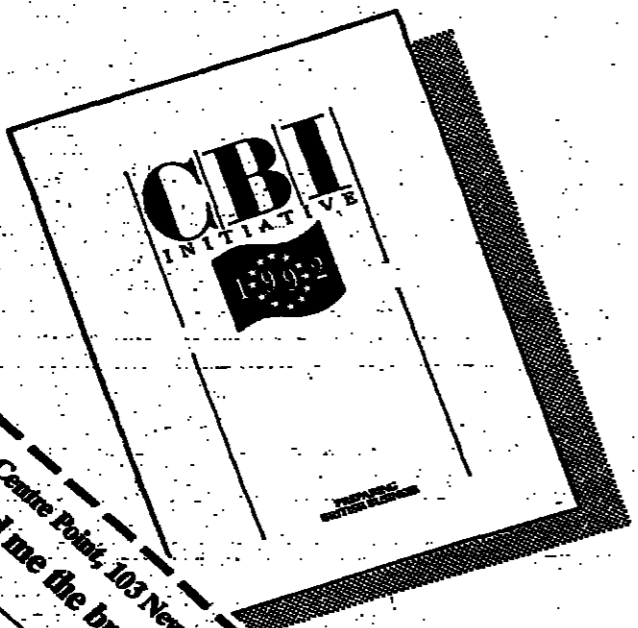
It backs this resource with a unique telephone enquiry and information service. Whilst others offer general advice, Initiative 1992 deals in specifics.

This Initiative is subsidised by the private sector enabling the CBI to offer this facility at a considerably lower cost than normal market value.

The whole package costs just £1000 (£1500 for non CBI members.)

INITIATIVE 1992 is available now, but places are limited.

You should act today.



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COMPANY NAME _____
ADDRESS _____
POST CODE _____
TEL. NO. _____

CBI INITIATIVE 1992, Centre Point, 105 New Oxford St, London WC1A 1DU. Tel 01-836 1992.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing authorized unit trusts including Abbey Unit Trst Mgrs Ltd, Bank of Ireland Fund Mgrs Ltd, and Barclays Unit Trst Mgrs Ltd.

Table listing authorized unit trusts including Abstract Management Ltd, Anglo Unit Trst Mgrs Ltd, and ASEA Unit Trst Mgrs Ltd.

Table listing authorized unit trusts including Aylesbury Unit Trst Mgrs Ltd, Belmont Unit Trst Mgrs Ltd, and Belfair Unit Trst Mgrs Ltd.

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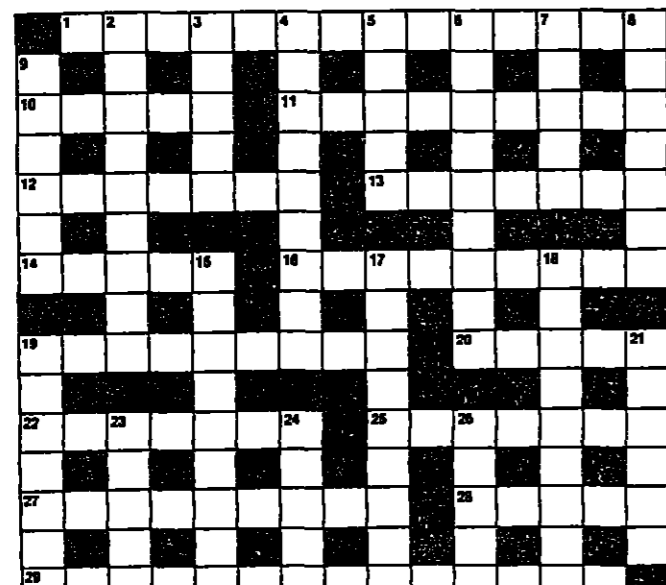
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CROSSWORD

No. 6786 Set by FETTLER

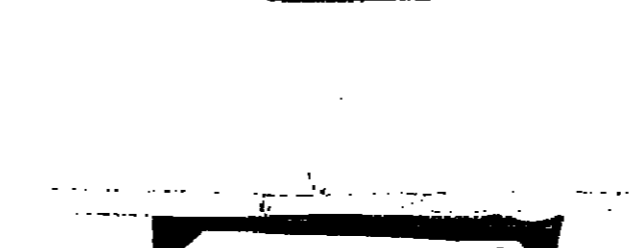


- ACROSS
1 WW2 defender had dam all in favour (7)
2 Slip again? Not when this has been applied (5)
3 Nothing to eat with the mouth agape (4-5)
4 Ill-starred merchants (7)
5 The French-Greek, shortly established as a pouf (3-4)
6 See benefactor's name in the entrance (5)
7 Leading characters of Old Vic created extravagantly (6)
8 Obese port Uncle Rex developed (9)
9 Frighten off treed bats (5)
10 Stretches - touching hurts (7)
11 Having ring around well-shaped leg (7)
12 This pasta's always cooked at eight, PS - (9)
13I eat a steak then, showing discernment (5)
14 After evolution they become neater handlers (14)
15 Being a drug well formulated, it's a protector (9)
16 Speak out - there's nothing to reprove (5)
17 Volunteers in well known put down (7)
18 Having to be kept in, right in that's what irritated (6)
19 Unbroken horses jog north of the border - riding over this way? (5-4)
20 Found the basil's cooked (9)
21 Parimutuel, malfunctioning, is a lottery - almost (9)
22 Polished screen I was (7)
23 Steer runs to cow's mamilla (6)
24 A cove had one behind the cloth (5)
25 It's played back in Bharat isn't it? (5)
26 Native province in Africa (5)
Solution to Puzzle No.6785

DOWN
2 FT = Tar Tinter? (9)
3 Peeled oranges set in a row (5)
4 Internal concretion has reduced volume and weight (4-5)
5 Incantation? Bow's capital, even after losing head (5)

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new subscribers. These charges are included in the price when the customer buys units.



FT UNIT TRUST INFORMATION SERVICE

Handwritten note: "Half is 1/2"

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Table listing insurance-related unit trusts and their details.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts and their details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for various fund categories and company names.

MANAGEMENT SERVICES

David M. Aarv (Personal Fin. Plans) Ltd... The Analysis Group PLC... Ward Consultancy...

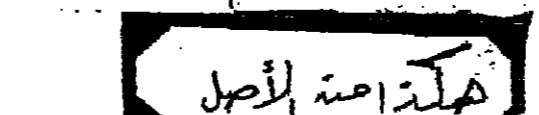
OFFSHORE AND OVERSEAS

UK LISTED

Table listing UK listed companies and their financial data, including names like AIFM, Baxendale, and others.

ION AUTHORIZED

Table listing authorized investment managers and their services, including names like Allied, Aon, and others.



FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing British Funds, Foreign Bonds & Rails, and American stocks with their respective prices and yields.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international investment vehicles and their details.

Money Market Trust Funds

Table of Money Market Trust Funds listing specific funds and their characteristics.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various banking services and their rates.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steadier but nervous

HEAVY INTERVENTION by the Bank of Japan in Tokyo enabled the US dollar to regain some of the composure in currency markets yesterday, having fallen to its lowest level this year against the Japanese yen on Friday. The Japanese central bank bought an estimated \$500m in Tokyo, as the dollar threatened to break through key support at 112.50.

modest intervention by the US Federal Reserve Board. Elsewhere, it finished at SF1.4645 against SF1.4530 and FF5.9500 against FF5.9275. On Bank of England figures, the dollar's exchange rate index rose from 83.5 to 84.0.

The French franc finished little changed from Friday's levels against the D-Mark. The West German unit slipped to FF3.4200, but soon slipped back to FF3.4165, where it closed. The franc was helped by the dollar's steadier tone, and also by a strong conviction that the Bank of France will intervene to defend the FF3.4200 level.

Despite this, continued industrial unrest in France and the dollar's bearish undertone led some dealers to suggest that the Bank of France may have to increase interest rates at some time, in order to restore confidence in the franc.

FINANCIAL FUTURES

Sterling prices below best

STERLING BASED futures revealed their earlier gains in yesterday's life market, after an unexpected rise in UK retail sales in October. Short sterling prices finished with a net loss over Friday's closing levels, as cash rates edged up slightly in places. The most traded March contract surrendered early gains, which had pushed it to a high of 82.22, to finish at 82.08.

down from 82.14 at the start and 82.14 on Friday. Long gilt futures were also well below their best, but managed to show a small improvement on the day, finishing at 96.09 for December delivery, against 96.10 at the start and 96.06 previously.

US Treasury bond futures opened on a firmer note, helped by the dollar's early recovery. However, the trend was reversed later in the day, after confirmation that the US Treasury will hold a 30-year bond auction on Thursday.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns for Country, Unit, and % change from previous day. Includes Germany, France, Italy, etc.

£ IN NEW YORK

Table showing exchange rates for £ in New York for various currencies.

STERLING INDEX table showing values for different periods.

CURRENCY RATES

Table showing currency rates for various countries like Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values.

OTHER CURRENCIES

Table showing rates for currencies like Argentine, Brazil, etc.

MONEY MARKETS

Limited reaction

UK INTEREST rates failed to show much reaction to higher than expected British retail sales in October. A rise of 1.9 p.c. contrasted sharply with expectations of a 0.6 p.c. increase. However, the retail sales figure is known for the month-to-month volatility, and the market seemed less than impressed by concern in some quarters that the rise in consumer demand could increase pressure for another rise in bank base rates.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies.

MONEY RATES

Table showing money rates for different currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies.

EXCHANGE CROSS RATES

Table showing cross rates between different currencies.

EURO CURRENCY INTEREST RATES

Table showing interest rates for Euro currencies.

US TREASURY BOND FUTURES

Table showing US Treasury bond futures prices.

US TREASURY BILLS

Table showing US Treasury bill rates.

US TREASURY NOTES

Table showing US Treasury note rates.

US TREASURY BONDS

Table showing US Treasury bond rates.

US TREASURY STOCKS

Table showing US Treasury stock prices.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data.

BASE LENDING RATES

Table showing base lending rates for various banks.

COMPANY NOTICES

NOTICE TO THE WARRANTHOLDERS CONCERNING ADJUSTMENT OF SUBSCRIPTION PRICE OKAMURA CORPORATION

FX Simulator

Advertisement for FX Simulator, including text and a logo.

IS AN INVESTMENT PORTFOLIO COMPLETE

Advertisement for investment portfolio completion, including text and a logo.

CHANGE OF ADDRESS

Notice to holders of bonds, notes, and warrants regarding a change of address.

THE INDUSTRIAL BANK OF JAPAN

Announcement regarding the Industrial Bank of Japan, including details about shares and dividends.

Business opportunities appears every Tuesday and Saturday

Advertisement for business opportunities, including contact information.

PERSONAL

Advertisement for GREECE FOR SALE, including details about property and location.

CLUBS

Advertisement for Eye, including details about services and contact information.

AFBD MEMBER

Advertisement for AFBD, including details about membership and services.

PERSONAL

Advertisement for GREECE FOR SALE, including details about property and location.

CLUBS

Advertisement for Eye, including details about services and contact information.

PERSONAL

Advertisement for GREECE FOR SALE, including details about property and location.

CLUBS

Advertisement for Eye, including details about services and contact information.

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LONDON STOCK EXCHANGE

Equities rally from a weak opening

INDICATIONS THAT some action was being taken to check the fall in the US dollar helped UK equities yesterday avoid some of the blackest scenarios painted by analysts...

London remained very nervous as a week featured by important economic data from both sides of the Atlantic opened with disappointing figures on UK retail sales and producer prices for last month...

dollar's slide and to the 47 point fall in the Dow Average on Friday. With other European bourses in sharp decline, London opened with a fall of 26 points on the FT-SE index scale.

At the close, the FT-SE index was a net 8.4 down at 1794.3, having bounced between 1770.5 and 1800.9. Seaq volume fell sharply from Friday's 708.7m shares to 479.3m. Dealers

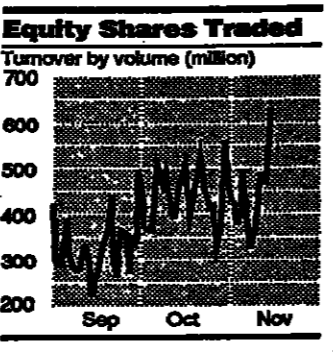
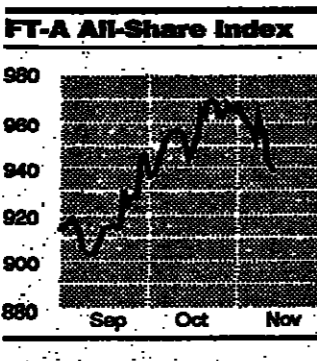
described the session as "very difficult for traders", since share prices swayed violently on relatively thin business. FT-SE index traded options had their busiest day this year...

FINANCIAL TIMES STOCK INDICES table with columns for Nov 14, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1988, and Since Completion.

S.E. ACTIVITY table with columns for Indices, Nov 11, and Nov 10, listing various indices like Gilt Edged Bargains, Equity Bargains, etc.

Property power struggle

The complex power struggle at Mountleigh took a dramatic turn when Mr Tony Clegg, the chairman, sold his entire 12.2m shares stake in the company to the predatory Galeria Consortium...



higher at 974p after turnover of 2.4m shares, well up on recent levels; commenting on the recent third quarter figures Arthur Heppner and Gilbert Scrimgeour Vickers says "OPEC will sort itself out before long and in the meantime Shell is doing nicely. It's time to buy now while the stock is on the bottom."

over prospects that interest rates will remain high for some time. Housebuilders, especially, were sold off at the outset before edging off the bottom later in the day.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Stock, Volume, Daily Price, and Daily Change.

Surprise package

The re-listing of MB Group proved a major disappointment. Analysts had expected the shares to command a healthy premium on the suspension level of 273 1/2p, but their hopes were soon dashed.

Defeat for Abbey

Recent Press predictions that the proposed link-up between Lloyds Bank and Abbey Life would encounter sufficient opposition to defeat the proposals - the Abbey management needed 75 per cent approval...

but the shares also went ex-dividend to the tune of 18p net, exaggerating the negative impression. The recovery was sustained throughout the morning, despite a temporary blip on the announcement that UK retail sales had risen by 1.9 per cent.

British Airways (165p) was another quality stock to resist the general malaise. The group is expected to reveal slightly lower first-half profits today - forecasts range from 22.5m to 22.2m - but Kitcat & Aitken issued a "look to buy on the interim" recommendation yesterday.

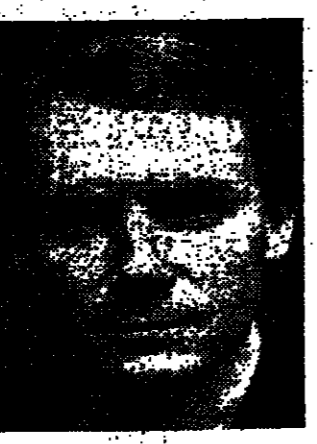
The electronics sector rode out the initial storm in relative fashion ahead of a series of important trading reports. "There was rarely any major pressure in the top stocks," said one dealer.

NEW HIGHS AND LOWS FOR 1988

- List of new highs and lows for 1988 including companies like British Airways, Lloyds Bank, etc.

Marketing director at British Airways

BRITISH AIRWAYS has appointed a new marketing director to replace Mr Jim Harris, who is retiring at the end of March. Mr Michael Donnan, Aerospace Correspondent, is Mr Liam Strong, who is currently a senior executive with Reckitt and Colman...



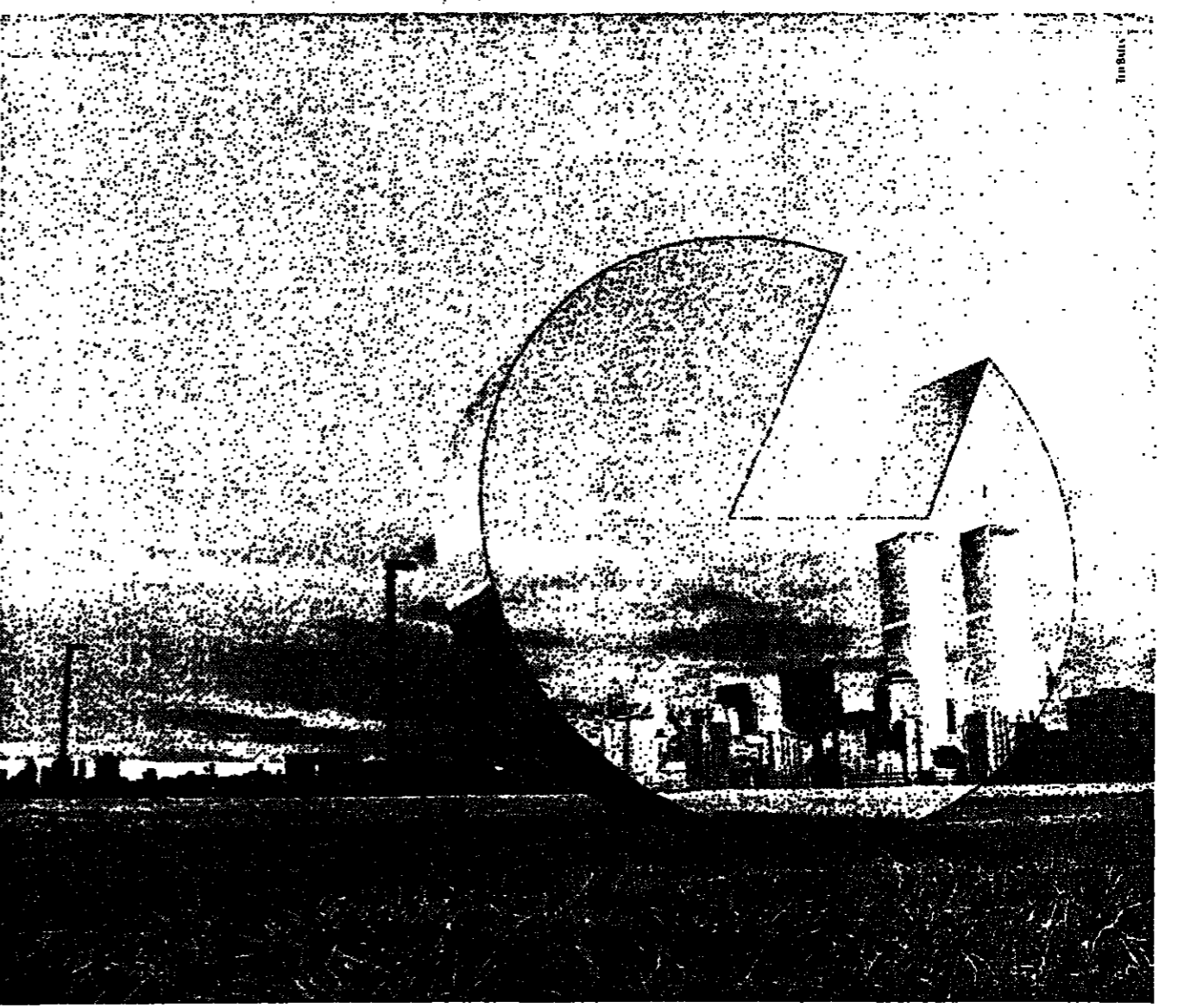
Mr Liam Strong, who is to be marketing director of British Airways as sales and marketing director. He joins from Thorn EMI.

Willis Faber makes changes

Mr Roger J. Elliott, previously chairman of Willis Faber & Dumas, has taken over as chairman of WILLIS FABER on the retirement of Mr David Palmer. Mr Alan Gregory, previously chairman of Willis Wrightson, becomes deputy chairman of Willis Faber responsible for the group's European activities.

Marketing director at British Airways

Mr Hugh Holland has been appointed managing director of the HAMPTON GROUP, a subsidiary of Ketchum. He was business development director of Ketchum.



No foreign market can be tapped from afar. Let's start at the heart.

Without actually being on the scene, not even the astute observer of distant markets can always differentiate between cause and effect. In-depth insights into market dynamics evolve only from an active on-site presence.

LONDON SHARE SERVICE

AMERICANS—Contd

Table listing American companies with columns for Stock, Price, and other financial metrics.

CANADIANS

Table listing Canadian companies with columns for Stock, Price, and other financial metrics.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for Stock, Price, and other financial metrics.

Hire Purchase, Leasing, etc.

Table listing hire purchase and leasing companies with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS—Contd

Table listing building, timber, and road companies (continued) with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies (continued) with columns for Stock, Price, and other financial metrics.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies (continued) with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies (continued) with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies (continued) with columns for Stock, Price, and other financial metrics.

ENGINEERING—Contd

Table listing engineering companies (continued) with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies (continued) with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store companies (continued) with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies (continued) with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.)—Contd

Table listing industrial companies (continued) with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies (continued) with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

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BUILDING, TIMBER, ROADS

Table listing building, timber, and road companies (continued) with columns for Stock, Price, and other financial metrics.

FOOD, GROCERIES, ETC

Table listing food and grocery companies with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.)

Table listing industrial companies (continued) with columns for Stock, Price, and other financial metrics.

INSURANCES

Table listing insurance companies with columns for Stock, Price, and other financial metrics.

LEISURE

Table listing leisure companies with columns for Stock, Price, and other financial metrics.

Handwritten text at the bottom of the page.

LONDON SHARE SERVICE

LEISURE - Contd

Table listing leisure companies such as British Skyways, British Airways, and various travel agencies with their stock prices and financial data.

PROPERTY

Table listing property companies including British Land, Granada, and various real estate firms.

TEXTILES - Contd

Table listing textile companies such as Burberry, J. Pauline, and other fashion-related firms.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies including various investment trusts and financial institutions.

OIL AND GAS - Contd

Table listing oil and gas companies such as BP, Shell, and other energy firms.

MINES - Contd

Table listing mining companies including Anglo American, De Beers, and other mineral extraction firms.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies such as British Leyland, British Aerospace, and others.

TOBACCO

Table listing tobacco companies including British American Tobacco and other cigarette manufacturers.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies, including investment trusts and financial services.

OVERSEAS TRADERS

Table listing overseas trading companies such as Jardines, Guthrie & Co., and other international firms.

PLANTATIONS

Table listing plantation companies including various rubber and palm oil producers.

THIRD MARKET

Table listing third market trading activities and related financial data.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies such as News International, Newsprint, and others.

SHIPPING

Table listing shipping companies including British Shipbuilders, P&O, and other maritime firms.

SHOES AND LEATHER

Table listing shoe and leather goods companies such as Clarks, Debenhams, and others.

OIL AND GAS

Table listing oil and gas companies, including various energy producers and service firms.

FINANCE

Table listing finance companies including various banks, insurance firms, and financial institutions.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies such as De Beers and other precious metal firms.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies including various media and publishing firms.

SOUTH AFRICANS

Table listing South African companies including various mining, financial, and industrial firms.

TEXTILES

Table listing textile companies, including various clothing and fabric manufacturers.

FINANCE

Table listing finance companies, including various banks and financial institutions.

AUSTRALIANS

Table listing Australian companies including various mining, financial, and industrial firms.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including various local and international companies.

TRADITIONAL OPTIONS

Table listing traditional options and derivatives, including various financial instruments.

PROPERTY

Table listing property companies, including various real estate and housing firms.

MINES

Table listing mining companies, including various mineral extraction firms.

OVERSEAS TRADERS

Table listing overseas trading companies, including various international firms.

PLANTATIONS

Table listing plantation companies, including various rubber and palm oil producers.

THIRD MARKET

Table listing third market trading activities and related financial data.

This service is available to every company dealt in on the Stock Exchange through the United Kingdom for a fee of £240 per annum for each company.

COMMODITIES AND AGRICULTURE

Nickel prices up sharply as LME stocks fall

By David Blackwell

NICKEL prices jumped yesterday as stocks in London Metal Exchange warehouses fell by 450 tonnes to 1,308 tonnes...

Iron ore chief quits as strike continues

By Chris Sherwell in Sydney

THE HEAD of BHP's iron ore operations in Western Australia resigned yesterday as a kind of national fashion to be satisfied with meaningless resolutions...

Zambian maize left to rot by the roadside

Nicholas Woodworth explains why a bumper crop will just mean more wastage

ELEVEN YEARS ago Mr Alex Chikwanda, Zambia's then Minister of Agriculture, made a speech that in its self-criticism was, by the standards of any African Government, unusually severe...

sheer mismanagement led to breakdowns at successive points in the collection process. While, for example, the Government originally imported sufficient bags for this year's maize crop...

admitted in mid-October that it had failed to come up with the \$6.4m in hard currency necessary to buy them. Lack of foreign exchange is part of the explanation for the poor performance of the state...

Johnson Matthey sees platinum remaining firm

By David Blackwell

THE JAPANESE love affair with platinum remains the single most important feature of the market, according to Johnson Matthey's 1988 Interim Review, published today...

Cod price rally lifts spirits in Canadian fish industry

By David Owen, recently in St John's, Newfoundland

NORTH AMERICAN cod prices are rising again, ending an eight-month period during which they had slumped by 40 per cent and providing a much-needed fillip for Atlantic Canada's hard-pressed seafood industry...

Cod price rally lifts spirits in Canadian fish industry

WORLD PRODUCTION of fishmeal this year is estimated at 3m tonnes, 2.5m tonnes, of which was exported, according to the Fishmeal Exporters' Organisation (FEO) and the International Association of Fishmeal Manufacturers...

The two bodies have just concluded an international meeting in El Pueblo, near the Peruvian capital. Peru ranks second to Chile in South American fishmeal production with 665,000 tonnes, or 43.9 per cent of the continent's output...

has moved more slowly than NSP and probably held Clearwater Fish Foods, its two principal Nova Scotia-based rivals. A year ago, NSP was already generating about 38 per cent of its sales from various upgraded products...

WORLD COMMODITIES PRICES

Table with multiple columns: LONDON METAL EXCHANGE, US MARKETS, Chicago, New York, LONDON METAL EXCHANGE TRADED OPTIONS, COPPER 25,000 lbs cent/basis, RUBBERS, FIBRES, and various commodity price listings.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for Stock, Div., High, Low, Close, and Change. Includes a handwritten note 'Half price' at the top.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for Stock, Div., High, Low, Close, and Change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for Stock, Div., High, Low, Close, and Change.

SPIN PRICES

Table of Spin Prices listing various stocks with columns for Stock, Div., High, Low, Close, and Change.

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AMERICA

Early gains disappear as trade figures loom

Wall Street

EARLY gains disappeared and equities drifted lower as New York failed to recover any of the considerable ground lost last week, writes Janet Bush in New York.

ing trend remaining at a shortfall of perhaps \$1bn to \$1.5bn a month. The vulnerability of the dollar, which fell to within striking distance of post-war lows against the Japanese yen last week, gives these trade figures additional focus.

George Bush, the president elect. Mr Nicholas Brady, expected to be named as US Treasury Secretary in the new administration having acted as caretaker for the job over the election campaign, also said that the administration remained committed to exchange market stability.

unemployment figures of considerable economic strength. Among blue chip issues, International Business Machines added 3% to \$117 by midsession yesterday, Merck was 3% lower at \$56 and General Electric slipped 3% to \$44.

sweeten its takeover offer to \$3.50 a share from \$3.50. This would outstrip an offer made by Zero Corp worth \$3.50 a share which has already received a favourable recommendation from Air Cargo's board.

ASIA PACIFIC

Return of confidence lifts Nikkei to another record

Tokyo

A NOTABLE return of investor confidence in equities helped share prices gain on a broad front and lifted the Nikkei index to a record high, writes Michiko Matsuoka in Tokyo.

sodium glutamate, increased Y190 to Y2,760. Kirin Brewery added Y70 to Y1,860 and Kao, a leading household products maker, rose Y50 to Y1,730.

Products in Osaka gained Y190 to 2,850. Roundup FRIDAY's large fall on Wall Street weighed heavily on investors as the Asia Pacific markets reopened yesterday, and most indices closed sharply lower, in spite of the Nikkei's record high.

EUROPE

Support for dollar helps pare equity losses

THE improvement in the dollar over the day and the positive opening on Wall Street helped reduce losses in those European markets that were still open, but most hours still had a sad day in low volumes, writes Our Markets Staff.

forecast that Siemens will report profits of about DM1.5bn. Insurer Aachener und Munchener advanced DM2 to DM2.02 on the news that it and Italian insurer La Fondiaria had each acquired a 25 per cent plus one share stake in Volksfirsorge, the insurance company owned by West Germany's trade unions.

Holding company Navigation Mixte fell FF19 to FF1.25 - with over 32,000 shares dealt - amid news that Abelle and a subsidiary had boosted their stakes to a total of 5.39 per cent, and Credit Lyonnais had taken its stake to 5 per cent.

dollar's steadiness over the day helped export-oriented stocks, the CBS all-share index closed 0.2 lower at 97.1 on light turnover.

investment in biotechnology company Chron of San Francisco, saw its bearers ease SF40 to SF3.250.

FRANKFURT recovered from a weak opening to close higher on a late surge of buying prompted by international support for the beleaguered dollar.

PARIS had double the trouble of other bourses given that it was closed on Friday, and caught up by dropping 2 per cent in morning trading.

MILAN dropped almost 3 per cent with dealers worried by Friday's large fall on Wall Street and last week's dollar weakness. But sporadic late buying raised hopes of a rally later in the week.

STOCKHOLM was knocked by currency concerns, and the Affarsvarlden index lost 14.6 to 936.3 in low turnover. Some bargain-hunting was seen towards the close.

GOLD shares closed lower as the gold price held steady at about \$420 an ounce. Vaal Reef was down R2 at R277 and Southvaal eased R1 to R110.

Privatisations prove to be a fillip

Judy Dempsey looks at the re-awakening of the Vienna bourse

Austria's bankers, institutional and small investors are holding their breath for the outcome of a crucial meeting taking place tomorrow morning.

expanding Austria's small capital markets - and at the same time, at attracting the shy, small investor. The omens for the Verbund's listing look good, thanks largely to a steady recent rise in the bourse's index.

several factors appear to be behind the re-awakening of the Vienna bourse. One is renewed foreign buying in what was once considered a sleepy and dull stock exchange.

much needed fillip, thanks to the Government's plans to privatise chunks of state-run industry. Austria's state retains a 51 per cent stake.

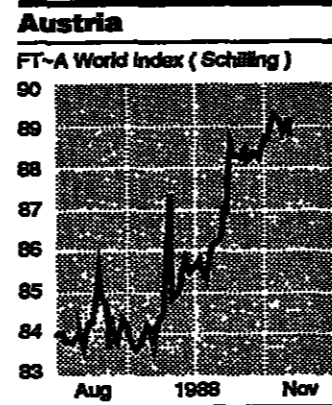


Table with columns: NATIONAL AND REGIONAL MARKETS, FRIDAY NOVEMBER 11 1988, THURSDAY NOVEMBER 10 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, New Zealand, Netherlands, Norway, South Africa, Spain, Sweden, Switzerland, USA, Europe, Pacific Basin, Euro-Pacific, North America, etc.

Advertisement for ABBEY NATIONAL BUILDING SOCIETY. Includes text: 'All these Bonds have been sold. This announcement appears as a matter of record only.', 'FF 800,000,000', '9 1/2 per cent. Bonds due 1993', 'Issue Price: 101% per cent.', 'Credit: Lyonnais', 'BNP Capital Markets Limited', 'Caisse des Dépôts et Consignations', 'Crédit Commercial de France', 'Kleinwort Benson Limited', 'J.P. Morgan & Cie S.A.', 'SBCI Swiss Bank Corporation Investment banking', 'Bankers Trust International Limited', 'Banque Bruxelles Lambert S.A.', 'Banque Paribas Capital Markets Limited', 'Barclays de Zoete Wedd Limited', 'Bayerische Landesbank Girozentrale', 'Chase Investment Bank', 'Commerzbank Aktiengesellschaft', 'Credit Suisse First Boston Limited', 'Daiwa Europe Limited', 'Dresdner Bank Aktiengesellschaft', 'LTCB International Limited', 'Merrill Lynch International & Co.', 'Mitsubishi Finance International Limited', 'Shearson Lehman Hutton International', 'Société Générale', 'S.G. Warburg Securities', 'Westdeutsche Landesbank Girozentrale'. Date: September 26, 1988.